

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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AMKOR TECHNOLOGY, INC.  
Petitioner

v.

TESSERA, INC.  
Patent Owner

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Case IPR2013-00242  
Patent 6,046,076

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Before KEVIN F. TURNER, JONI Y. CHANG, JUSTIN T. ARBES,  
LYNNE E. PETTIGREW, and CARL M. DeFRANCO, *Administrative Patent  
Judges.*

DeFRANCO, *Administrative Patent Judge.*

DECISION  
Tessera's Motion to Terminate  
*35 U.S.C. § 315(b)*

## INTRODUCTION

Amkor Technology, Inc. filed a petition on April 9, 2013, requesting *inter partes* review of claims 1-8, 10-13, 17-19, and 22-25 of U.S. Patent No. 6,046,076 (“the ’076 Patent”) pursuant to 35 U.S.C. §§ 311-319. Patent Owner Tessera, Inc. filed a preliminary response. Paper 8 (“Prelim. Resp.”). We considered Amkor’s petition and instituted *inter partes* review on all but three of the challenged claims of the ’076 Patent. Paper 37.

On November 5, 2013, Tessera filed a motion to terminate the instant *inter partes* review on the basis that 35 U.S.C. § 315(b) bars institution if the petition is filed more than one year after the date on which the petitioner is served with a complaint alleging infringement of the patent. Paper 54 at 1 (“Mot.”). Tessera asserts that Amkor’s petition was not filed timely because, in a prior arbitration proceeding, Tessera served Amkor with a counterclaim alleging infringement more than one year before the instant petition was filed. *Id.*

Our determination of Tessera’s motion to terminate centers on whether an allegation of infringement in an arbitration proceeding triggers the one-year time period under section 315(b). We have jurisdiction under 35 U.S.C. §§ 6(b)(4) and 314(a). For the reasons that follow, we deny Tessera’s motion and determine that Amkor’s petition was filed timely within the one-year time period under section 315(b).

## BACKGROUND

In 1996, the parties entered into a fifteen-year license agreement that gave Amkor rights to use the technology of the ’076 patent. Prelim. Resp. 2; Ex. 2004, at 1, 7. The license agreement included an arbitration clause, which provided that “[i]f a claim is brought by Licensee or by Tessera for nonpayment of royalties,”

such claim “shall be finally settled by arbitration under the rules of Arbitration of the International Chamber of Commerce [ICC].” Ex. 2004, at 12.

In 2009, a dispute arose between the parties over the payment of royalties due under the license agreement, and Amkor initiated an arbitration proceeding against Tessera. Prelim. Resp. 5; Ex. 2011, at 6. Amkor requested, *inter alia*, declaratory relief that it was fully in compliance with the license agreement. Prelim. Resp. 5; Ex. 2011, at 8. Tessera responded to Amkor’s arbitration request with an answer and counterclaims. *See* Prelim. Resp. 5; Ex. 2012. According to Tessera, its arbitral counterclaim “specifically alleged infringement of the ’076 patent.” *Id.* at 8. Tessera relies on this arbitral counterclaim, and its November 2, 2009 date of receipt by the ICC Secretariat, as triggering the time bar of section 315(b).<sup>1</sup> Mot. 1.

Tessera’s arbitral counterclaim is titled “Amkor Has Continued To Infringe Tessera’s Patents By Failing to Pay Royalties Or Full Royalties On Products That Infringe Tessera’s Patents.” Ex. 2012, at 10. The counterclaim begins by alleging that Amkor “continues to use” Tessera patents that were the subject of a prior arbitration proceeding (that did not involve the ’076 patent) and then alleges that Amkor “may be using” additional Tessera patents, listing the ’076 patent among twelve other patents. *Id.* at 10-11. The relevant portion of Tessera’s arbitral counterclaim reads as follows:

Amkor is also using numerous other Tessera patents, in many instances without paying even a fraction of the royalties owed under the parties’ [license] agreement. The additional Tessera patents that Amkor may be using without satisfying its royalty payment obligations to Tessera include U.S. Patent Nos. 6,492,251, 5,834,339,

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<sup>1</sup> Tessera equates its submission “to the Secretariat” per the ICC Arbitration Rules (Ex. 2005, at 7-10), and its sending a copy by mail and email to Amkor, to service under the Federal Rules of Civil Procedure. *See* Mot. 9-10.

6,046,076, 6,329,224, 6,653,172, 6,774,317, 6,651,321, 6,218,215, 6,080,605, 6,225,738, 6,054,337, 6,952,047, and/or 7,229,850, as well as additional Tessera patents whose unlawful use by Amkor may be uncovered through discovery in this arbitration.

*Id.* at 11 (emphasis added).

Although arguably Tessera's counterclaim accuses Amkor of using the '076 patent, Tessera nevertheless acknowledged that "[f]ull information about Amkor's use of Tessera's technology is not publicly available" and "[d]iscovery will therefore be required to ascertain the full scope of [Amkor's use]." *Id.* Also, the demand for relief in Tessera's counterclaim requested in pertinent part:

1. Judgment that the license agreement has been breached and that Tessera is entitled to terminate the license agreement;
2. Judgment that products on which Amkor has not paid the full contractual royalties to Tessera are not licensed under Tessera's patents;
3. Damages for Amkor's breaches of the license agreement;
4. Damages, including punitive damages, for Amkor's interference with Tessera's prospective business relationships.

*Id.* at 11-12.

In July 2012, the arbitration tribunal issued its "AWARD" on the parties' claims. Ex. 2029, at 1, 11 ("Partial Award No. 3"). In particular, the tribunal accepted "Tessera's Counterclaim that the failure to pay appropriate royalties has caused Tessera monetary damages for unpaid royalties" (*id.* at 9) and, as a result, found that certain Amkor products "bear royalties under claims 1 and 6 of the '076 patent" (*id.* at 10, ¶ 329(vi)). Regarding the effective period of the licensing agreement, the arbitral tribunal found that Tessera "terminate[d] the License Agreement as of February 17, 2011." Ex. 2029, at 10, ¶ 331. That date of termination is over a year *after* Tessera brought the counterclaim on which it relies as an allegation of infringement for triggering the time bar of section 315(b). Thus, irrespective of Tessera's purported allegation of infringement in its

November 2, 2009 counterclaim, it appears that Amkor had the right to use the technology of the '076 patent until at least February 17, 2011, albeit not for free.

On July 6, 2012, a day after the arbitral tribunal issued its award, Tessera filed a complaint for infringement of the '076 patent against Amkor in the United States District Court for the District of Delaware, *Tessera, Inc. v. Amkor Technology, Inc.*, Civil Action No. 1:12-cv-00852-SLR (D. Del.). Ex. 1027. The complaint in the Delaware action, served on Amkor on July 24, 2012, asserts a cause of action for patent infringement: “Amkor has infringed, is currently infringing or will infringe the '076 Patent in violation of 35 U.S.C. § 271.” *Id.* at 3, ¶ 11. In its demand for relief, Tessera requests that “Amkor pay Tessera damages in an amount adequate to compensate Tessera for Amkor’s infringement of the '076 Patent.” *Id.* at 3-4.

Amkor filed the instant petition on April 9, 2013, which is within one year of service of the complaint in Tessera’s Delaware civil action. However, Amkor’s petition comes over three years after the November 2, 2009 arbitral counterclaim on which Tessera relies for triggering the time bar of section 315(b).

#### ANALYSIS

Section 315(b) of the patent statute (Title 35) provides (emphasis added):

**PATENT OWNER’S ACTION.**—An 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.*<sup>2</sup>

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<sup>2</sup> Section 315(b) was enacted as part of the Leahy-Smith America Invents Act (“AIA”), Pub. L. No. 112-29, 125 Stat. 284 (2011). The purpose of the AIA is to improve patent quality and provide more certainty in litigation of patent disputes. That purpose was implemented by the AIA’s creation of *inter partes* review as a cost-effective alternative to litigation.

Tessera argues that the plain language of section 315(b) is “broad and non-exclusionary.” Mot. 2. In Tessera’s view, the phrase “complaint alleging infringement” is not limited to a civil action “but instead includes all federally-permitted procedures to adjudicate patent-infringement allegations, including arbitrations.” *Id.* Tessera contends that the issue of infringement was “litigated” in the parties’ prior arbitration and its November 2, 2009 arbitral counterclaim triggered the one-year deadline for Amkor to seek *inter partes* review.<sup>3</sup> *Id.* at 1, 7.

Amkor counters that Tessera’s arbitral counterclaim did not trigger the one-year time period under section 315(b) because Tessera’s counterclaim was for breach of a license agreement in an arbitration proceeding and not for patent infringement in a civil action. Opp. 1. Amkor thus asserts that its petition for *inter partes* review is not time-barred. *Id.*

We do not adopt Tessera’s interpretation that an allegation of infringement in an arbitration proceeding triggers the one-year time period of section 315(b). Within the context of section 315(b), the phrase “served with a complaint alleging infringement of the patent” means a complaint in a civil action for patent infringement. What matters is that the complaint pleads a cause of action for patent infringement and is served lawfully on the accused infringer in a civil

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<sup>3</sup> As a basic premise, an arbitration is not, as Tessera would have us believe, a litigation; rather, it is an *alternative* dispute resolution. Treating arbitration as if it was litigation “is a mistake that would undermine the very purpose of arbitration—‘the provision of a relatively quick, efficient and informal means of *private* dispute settlement.’ Parties agree to arbitration to *avoid* litigation; they voluntarily surrender judicial remedies in favor of an extrajudicial process.” *Positive Software Solutions, Inc. v. New Century Mortg. Corp.*, 619 F.3d 458, 461 (5th Cir. 2010) (emphasis in original; citation omitted).

action. Once that happens, the accused infringer is subject to the time limit set forth in section 315(b) to petition for *inter partes* review.<sup>4</sup>

1. *Plain Language of Section 315(b)*

In interpreting a statute, we begin with the language of the statute itself. *Diamond v. Diehr*, 450 U.S. 175, 182 (1981). Unless otherwise defined, statutory terms are interpreted in accordance with their ordinary and contemporary meaning. *Perrin v. United States*, 444 U.S. 37, 42 (1979). We assume that “the legislative purpose is expressed by the ordinary meaning of the words used” in the statute. *Richards v. United States*, 369 U.S. 1, 9 (1962). Thus, if the statutory language is clear, the plain meaning of the words chosen by Congress ordinarily is conclusive of the scope of the statute. *U.S. v. Clark*, 454 U.S. 555, 560 (1982).

Section 315(b) is captioned “Patent Owner’s Action.” Black’s Law Dictionary defines an “action at law” as “[a] civil suit stating a legal cause of action.” Black’s Law Dictionary, 33 (9th ed. 2009) (hereinafter “Black’s”). Consistent with that definition, the Federal Rules of Civil Procedure provide that “[t]here is one form of action—the civil action.” Fed. R. Civ. P. 2. In adopting that rule, the Advisory Committee noted that “[r]eferences to actions at law or suits in equity *in all statutes should now be treated as referring to the civil action* prescribed in these rules.” *Id.*, 1937 Adoption, n.2 (emphasis added). We need not decide, however, whether the term “Action,” standing alone, suffices to limit the time bar of section 315(b). “[T]he meaning of statutory language, plain or not, depends on context.” *King v. St. Vincent’s Hospital*, 502 U.S. 215, 221 (1991).

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<sup>4</sup> The effect of service of a complaint under section 315(b) may be nullified, however, if the civil action is subsequently dismissed without prejudice. *Macauto U.S.A. v. BOS GmbH & Co. KG*, IPR2012-00004, Paper 18, at 15-16 (PTAB Jan. 24, 2013).

In the statutory context of section 315(b), the “Action” by the patent owner that triggers the one-year deadline is defined as when “the petitioner is served with a complaint alleging infringement of the patent.” The key terms of this provision, “complaint” and “served,” are used ordinarily in connection with a civil action, not an arbitration proceeding. For example, Black’s Law Dictionary defines a “complaint” as “[t]he initial pleading that starts a *civil action* and states the basis for the court’s jurisdiction, the basis for the plaintiff’s claim, and the demand for relief.” Black’s, 323 (emphasis added). Put simply, a complaint pleads a cause of action and must be served on the named defendant. Black’s defines the term “serve” as “[t]o make legal delivery of (a notice or process)” and the term “service” as “[t]he formal delivery of a writ, summons or other legal process.” *Id.* at 1491; *see also* Fed. R. Civ. P. 4(c)(1) (“A summons must be served with a copy of the complaint.”). The Board likewise has construed the term “served” in section 315(b) as requiring that the petitioner be served “with a summons” and named “officially a defendant in a law suit.” *Motorola Mobility v. Arnouse*, IPR2013-00010, Paper 20, at 5-6 (PTAB Jan. 30, 2013). Thus, the phrase “served with a complaint” has a specific legal connotation synonymous with formal delivery of a complaint in a civil action.<sup>5</sup> The plain meaning of the term “Action” in the narrowing context of the phrase “served with a complaint” dictates an

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<sup>5</sup> While Tessera’s purported allegation of infringement was in a counterclaim and not a complaint per se, a counterclaim “basically is a defendant’s complaint.” 5 FED. PRACT. & PROC. CIV. § 1184 (3d ed.). In other words, the defendant, by filing a counterclaim, commences a civil action against the plaintiff. The counterclaim stands alone as its own cause of action and can be adjudicated separately, even if the plaintiff’s complaint is dismissed. *See* Fed. R. Civ. P. 54(b); *Reiter v. Cooper*, 507 U.S. 258, 265 (1993). Thus, had Tessera served a counterclaim in a district court civil action, it may have qualified as a “complaint” for purposes of section 315(b). *See St. Jude Med. Cardiology Div., Inc. v. Volcano Corp.*, IPR2013-00258, Paper 29 (PTAB Oct. 16, 2013).

interpretation of section 315(b) that limits its applicability to when the patent owner *brings a civil action* for patent infringement.

Tessera nevertheless advances an expansive interpretation of section 315(b)'s seemingly clear language by focusing on individual terms within the statutory text. First, Tessera contrasts the caption "Patent Owner's Action" in section 315(b) with the caption "Infringer's Civil Action" in section 315(a) and asserts that Congress would have used the phrase "civil action," not "action" alone, had it intended for section 315(b) to exclude arbitration proceedings. Mot. 3. That argument, however, ignores the very language that Congress used to denote a civil action, namely, that the petitioner be "served with a complaint." The words of a statute cannot be read in isolation; statutory interpretation is a "holistic endeavor." *United Sav. Ass'n. of Tex. v. Timbers of Inwood Forest Associates, Ltd.*, 484 U.S. 365, 371 (1988). As discussed above, the legally-charged text "served with a complaint" is used ordinarily in connection with the official delivery of a complaint in a civil action. Thus, based on that plain meaning, the action required to trigger the time period under section 315(b) occurs in the context of a civil action, not an arbitration proceeding.<sup>6</sup>

In an effort to show that the term "complaint" is used commonly in the context of arbitration proceedings, Tessera cites myriad cases that "characterized arbitration pleadings asserting causes of action as 'complaints.'" Mot. 3; *see also* Prelim. Resp. 14-15. However, none of the cases cited by Tessera uses the term "complaint" alone to refer to arbitration. Rather, each case uses the modifier

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<sup>6</sup> Other provisions of the patent statute (*e.g.*, 35 U.S.C. §§ 282(b), 286, and 287(a)) similarly use the term "action" alone without the modifier "civil," but nonetheless have been read to mean the "remedy by civil action for infringement" in 35 U.S.C. § 281. *See Akamai Tech., Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301, 1314 (Fed. Cir. 2012) (en banc) ("Section 281 . . . was designed to serve as a 'preamble' for the sections on remedies.").

“arbitral” or “arbitration.” *See, e.g., Mathews v. Denver Newspaper Agency LLP*, 649 F.3d 1199, 1208 (10th Cir. 2011) (“arbitral complaints”); *Bradley v. Nat’l Ass’n of Sec. Dealers Dispute Resolution, Inc.*, 433 F.3d 846, 848 (D.C. Cir. 2005) (“arbitral complaint”); and *Paine-Webber Inc. v. Farnam*, 870 F.2d 1286, 1287 (7th Cir. 1989) (“arbitration complaint”). This pattern buttresses the point that the term “complaint,” standing on its own, ordinarily refers to a judicial action. *See, e.g., Bradley*, 433 F.3d at 847-848 (using the term “complaint” alone when referencing the court action and “arbitral complaint” when referencing the arbitration proceeding). Thus, we are not persuaded by Tessera’s attempt to interpret the “complaint” in section 315(b) to include an arbitral complaint.

Tessera also urges that, in the context of section 315(b), the term “complaint” should be read to encompass any forum “for adjudicating infringement,” including “federal court, the ITC [International Trade Commission], and arbitrations.” Mot. 3-5. That argument, however, ignores the fact that section 315(b) omits any reference to arbitral or administrative proceedings, even though such proceedings are contemplated elsewhere in the statute. In construing the plain meaning of a statute, it is just as important to consider what the statute does *not* say as it is to consider what it does say. Here, section 315(b) makes no reference to a “proceeding” as triggering the time bar. This omission is in stark contrast to other parts of the patent statute that use the term “proceeding” when referencing non-judicial remedies. For example, section 315 is titled “Relation to other proceedings or actions,” and subsection (e) of section 315 uses the term “proceeding” when referencing an administrative remedy (“a proceeding before the Office” and “a proceeding before the [ITC]”), in contrast to the same subsection’s use of the term “action” when referencing a judicial remedy (“a civil action arising . . . under section 1338 of title 28”).

More significantly, section 294 of the patent statute identifies arbitration as a “proceeding.”<sup>7</sup> *See* 35 U.S.C. § 294(b) (“In any such *arbitration proceeding*, the defenses provided for under section 282 shall be considered by the arbitrator if raised by any party to the *proceeding*”) (emphasis added). Indeed, when Congress intended for arbitration to play a role in the new provisions of the AIA, it expressly stated as much. For example, in adding derivation proceedings to the patent statute, Congress provided “arbitration” as an alternative forum and further specified that “any arbitration award . . . shall, as between the parties to the arbitration, be dispositive of the issues to which it relates.” *See* 35 U.S.C. § 135(f). Thus, had Congress intended for arbitration, ITC, or other non-judicial proceedings to trigger the time bar of section 315(b), it would have used more encompassing language than “Patent Owner’s Action” and “served with a complaint,” which are harmonious with a civil action. That Congress expressly identified arbitration and ITC proceedings in certain provisions of the AIA, yet omitted words that might have invoked such forums in the context of section 315(b), means that the time bar is limited to being triggered by the service of a complaint *in a civil action*.

A narrow interpretation of section 315(b) comports with the Supreme Court’s decision in *BP America Production Co. v. Burton*, 549 U.S. 84 (2006), which interpreted the terms “action” and “complaint” in the context of a statutory bar to mean filing a lawsuit in court. 549 U.S. at 91-92. In that case, an agency of the Department of the Interior sought payment from Amoco (BP’s predecessor) for underpayment of past royalties on oil and gas leases that had been under contract for nearly 50 years. *Id.* at 89-90. Amoco argued that the agency’s payment order was barred by the general six-year statute of limitations governing government

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<sup>7</sup> The ICC Arbitration Rules similarly describe arbitration as a “proceeding.” Ex. 2005, at 4 (“commencement of the arbitral proceedings”), at 10 (“Rules Governing the Proceedings”), at 13 (“Closing of the Proceedings”).

contract actions, which provided, in relevant part, that “*every action* for money damages brought by the United States . . . which is founded upon any contract . . . shall be barred unless *the complaint* is filed within six years after the right of action accrues.” *Id.* (citing 28 U.S.C. § 2415(a)). The Court looked to the plain and ordinary legal meaning of the terms “action” and “complaint” in deciding that the statute’s six-year time bar should be interpreted narrowly as limited to judicial actions, not broadly to cover administrative agency orders, “even if they are viewed as an adjunct of a court action.” *Id.* at 91-92, 98. The Court, citing its decision in *Unexcelled Chemical Corp. v. United States*, 345 U.S. 59, 66 (1953), reasoned that “[c]ommencement of an action by the filing of a complaint has too familiar a history . . . for us to assume that Congress did not mean to use the words in their ordinary sense.” *Id.* at 91. Given the Supreme Court’s narrow interpretation of the terms “action” and “complaint” in *BP America*, we likewise narrowly interpret section 315(b)’s use of the same terms as limited to a judicial action.

## 2. *Legislative History of Section 315(b)*

Plain meaning notwithstanding, we turn to the legislative history to confirm that Congress meant what it said statutorily. We do not find that the legislative history of the AIA justifies departure from the plain words of section 315(b). Indeed, the legislative history reinforces the plain meaning of the statutory text. For example, in an early version of section 315(b), the drafters expressly defined the triggering event in terms of a “civil action”:

(b) PATENT OWNER’S ACTION.—An inter partes review may not be instituted if the petition requesting the proceeding is filed more than 3 months after the date on which the petitioner, real party in interest, or his privy is required to *respond to a civil action* alleging infringement of the patent.

157 Cong. Rec. S135 (daily ed. Jan. 25, 2011) (emphasis added). As seen in this version, the drafters tied the triggering event to a pleading in a civil action, albeit the petitioner's response. Shortly thereafter, however, the drafters amended the language to reflect the current provision in which the deadline is triggered when the petitioner is "served with a complaint." 157 Cong. Rec. S941 (daily ed. Feb. 28, 2011). That change effectively narrowed the scope of the triggering event from one that gave rise to multiple pleadings in a lawsuit (i.e., the petitioner's response could be an Answer under Fed. R. Civ. P. 12(a) or a motion under Fed. R. Civ. P. 12(b)), to one that focused on a single event (i.e., the service of a complaint under Fed. R. Civ. P. 4).

Irrespective of whether the triggering event stemmed from a complaint or a response to a complaint, the drafters nevertheless intended that it be tied to a pleading *in litigation*. This intent is shown by Congress's ensuing discussion of the proposed legislation. For example, in explaining differences between subsections (a) and (b) of section 315, Senator Kyl remarked:

Subsections (a) and (b) of section[] 315 . . . impose time limits and other restrictions when inter partes . . . review are sought *in relation to litigation*. . . . [S]ubsections (a) do not restrict the rights of an accused infringer *who has been sued*. . . . *That situation is governed by section 315(b)*, which provides that if a party *has been sued for infringement* and wants to seek inter partes review, he must do so within 6 months of when he was *served with the infringement complaint*.

157 Cong. Rec. S1375 (daily ed. Mar. 8, 2011) (stmt. of Sen. Kyl) (emphasis added). Those remarks, which explain that section 315(b) restricts the rights of an accused infringer *who has been sued* for infringement, illustrate Congress's understanding that section 315(b) only would apply when the accused infringer has been served with a complaint in a *lawsuit* for infringement.

Subsequent hearings by the House Judiciary Committee further shed light on section 315(b), as it relates to a civil action. For example, in expressing concern over a proposed amendment that would have tied the triggering event to completion of a Markman hearing rather than service of a complaint, Representative Smith, one of the AIA's lead sponsors, remarked:

This [proposed] amendment expands the inter partes review program from 12 months *after the filing of a civil action* to 30 days after the Markman hearing. This amendment could create an open-ended process because there is actually no guarantee that a Markman hearing will even take place.

Transcript of Markup of H.R. 1249, H. Comm. on the Judiciary (HJU 104000), 112th Cong. 72 (Apr. 14, 2011). The House Committee rejected the proposed amendment<sup>8</sup> but nevertheless maintained that the deadline be tied to a litigation event: "Parties who want to use inter partes review *during litigation* are required to seek a proceeding within 12 months of being served with a complaint alleging infringement of the patent." H.R. Rep. No. 112-98, at 47 (June 1, 2011) (emphasis added); *see also id.* at 165 ("the deadline should be tied to substantive progress *in patent litigation*") (emphasis added).

Finally, in explaining Congress's adoption of a one-year rather than a six-month time limit, Senator Kyl reiterated that section 315(b) relates to a civil action:

Another set of changes made by the House bill concerns the coordination of inter partes and post grant review with *civil litigation*. . . . The House bill also extends the deadline for allowing an accused infringer to seek inter partes review *after he has been sued for infringement*. The Senate bill imposed a 6-month deadline on seeking IPR after the patent owner has filed an action for infringement. The final bill extends this deadline, at proposed section 315(b), to 1 year.

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<sup>8</sup> The proposed amendment was rejected by a vote of 17-14. Transcript of Markup of H.R. 1249, H. Comm. on the Judiciary (HJU104000), 112th Cong. 74-75, 80-81 (Apr. 14, 2011).

... And in light of the present bill’s enhanced estoppels, it is important that the section 315(b) deadline afford defendants a reasonable opportunity to identify and understand the patent claims that are relevant *to the litigation*. It is thus appropriate to extend the section 315(b) deadline to one year.

Ex. 1040, 157 Cong. Rec. S5429 (daily ed. Sep. 8, 2011) (stmt. of Sen. Kyl) (emphasis added).

This legislative background in the adoption of section 315(b) dovetails with the plain meaning of the statutory text. Importantly, Congress’s decision to use the legally-charged terms “complaint” and “served” best captures its intent that the section 315(b) bar is triggered by a civil action for patent infringement, and not an arbitral or other non-judicial proceeding in which infringement might be alleged. *See I.N.S. v. Cardoza-Fonseca*, 480 U.S. 421, 433 n.12 (1987) (noting that there is a “strong presumption that Congress expresses its intent through the language it chooses”). We therefore conclude that the legislative history fully supports attributing to the unambiguous words of the statute their ordinary meaning.

### 3. *Additional Considerations*

In evaluating the legislative history and its bearing on the plain meaning of the statutory language, we must keep in mind that section 315(b) is an exception, or restriction, to instituting *inter partes* review. *See supra* (referencing Senator Kyl’s remark that section 315(b) “restrict[s] the rights of an accused infringer who has been sued”). It is an established rule of statutory construction that “exceptions from a general policy which a law embodies should be strictly construed . . . [and] so interpreted as not to destroy the remedial processes intended to be accomplished by the enactment.” *Spokane & Inland Empire R.R. Co. v. United States*, 241 U.S. 344, 350 (1916).

Here, Congress created *inter partes* review as “another means to administratively challenge the validity of a patent at the [USPTO]—creating a

cost-effective alternative to formal litigation.”<sup>9</sup> 157 Cong. Rec. S951 (daily ed. Feb. 28, 2011) (stmt. of Sen. Hatch). In other words, recognizing the burdens of litigation, Congress afforded the accused infringer the alternative remedy of pursuing *inter partes* review of the patent in lieu of challenging validity of the patent in a district court infringement action. But Congress also recognized the potential danger of letting that option be available indefinitely while litigation was pending, and, thus, placed a restriction—the time limit of section 315(b)—on the accused infringer’s ability to seek *inter partes* review. See Transcript of Markup of H.R. 1249, H. Comm. on the Judiciary (HJU104000), 112th Cong. 72 (Apr. 14, 2011) (stmt. of Rep. Smith explaining that section 315(b) prevents “turn[ing] the *inter partes* program into a tool for litigation gamesmanship rather than a meaningful and less expensive alternative to litigation”). Construing the time limitation of section 315(b) narrowly to mean that it is triggered by a civil action not only preserves the congressional intent of encouraging the use of *inter partes* review as an alternative to litigation, but also harmonizes with the canon that a statutory exception be construed narrowly and strictly.

On the other hand, a liberal construction of section 315(b) not only would render the above canon of construction meaningless, it would lend ambiguity and confusion as to exactly what type of “action” or “complaint” has the force of triggering the deadline. For example, under Tessera’s proposed construction, a patent owner conceivably could take away an accused infringer’s right to seek *inter partes* review simply by sending the accused infringer a notice alleging

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<sup>9</sup> Litigation of patent disputes is provided for by section 281 of the patent statute: “A patentee shall have remedy by civil action for infringement of his [or her] patent.” 35 U.S.C. § 281.

infringement of the patent well before filing any lawsuit.<sup>10</sup> Similarly, in terms of arbitration, a patent owner could invoke an arbitration clause in a license agreement and make a general allegation of infringement to trigger the deadline.

Indeed, the arbitration in the instant case reflects the potential problem with a broad construction of section 315(b). Here, the parties argue at length over whether their arbitration decided the question of infringement. For example, Amkor argues that section 315(b) does not apply because the arbitral tribunal expressly stated that “[t]his proceeding is not an infringement action. This is a counterclaim for breach of a licensing agreement.” Opp. at 2 (citing Ex. 1029, ¶ 28). Tessera, on the other hand, argues that section 315(b) applies because, while its counterclaim did not “plead a cause of action of patent infringement,” it did “allege patent infringement.” Mot. 4; *see also* 8-9 (citing Exs. 2011, 2012, 2014). Arguably, Tessera may have alleged infringement during the arbitration, but its counterclaim (including the demand for relief) is not typical of a claim for patent infringement in a district court action brought under sections 271 and 281 of the patent statute. *Compare* Ex. 2012, at 11-12 *with* Fed. R. Civ. P. Form 18 (reciting the characteristic features of a cause of action for patent infringement). Thus, an accused infringer reasonably might conclude that the time period had not yet started running on its chance to seek *inter partes* review. But under Tessera’s broad interpretation, any allegation of infringement made in the context of a non-judicial proceeding would trigger the section 315(b) bar. That broad reading risks “turn[ing] the inter partes program into a tool for litigation gamesmanship,” which

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<sup>10</sup> In its preliminary response, Tessera suggested that any verbal or written notice might suffice to meet the “complaint” language of section 315(b). *See* Prelim. Resp. 12-14 (discussing cases that interpreted the phrase “filed any complaint” in anti-retaliation provisions of the Fair Labor Standards Act to include informal “written or oral” complaints).

Congress expressly intended to avoid by specifying that the triggering event constitute a pleading (i.e., “a complaint”) of patent infringement, not simply an allegation.<sup>11</sup> Transcript of Markup of H.R. 1249, H. Comm. on the Judiciary (HJU 104000), 112th Cong. 72 (Apr. 14, 2011).

Further, under Tessera’s broad interpretation that a mere allegation of infringement can trigger the one-year bar, the time period under section 315(b) potentially could expire before the litigation even began, thereby leaving the accused infringer without the option of *inter partes* review. This liberal interpretation of section 315(b) would frustrate congressional intent by taking away the very benefit Congress bestowed upon accused infringers, i.e., a meaningful and less expensive alternative to litigation. *See Graham Cnty. Soil & Water Conservation Dist. v. U.S. ex rel. Wilson*, 559 U.S. 280, 298 (2010) (acknowledging the “conventional judicial duty to give faithful meaning to the language Congress adopted in the light of the evident legislative purpose”).

#### CONCLUSION

Based on the plain meaning of the statutory text of 35 U.S.C. § 315(b), we determine that the one-year statutory deadline in section 315(b) applies only to civil actions brought under 35 U.S.C. §§ 271 and 281, and not to arbitration

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<sup>11</sup> It appears that Tessera could not, as a matter of law, plead a cause of action for patent infringement against Amkor because, at the time of the arbitration, Amkor was licensed to use the technology of the ’076 patent, and, thus, insulated from infringement charges by Tessera. *See Medtronic Inc. v. Boston Scientific Corp.*, 695 F.3d 1266, 1273 (Fed. Cir. 2012) (“the continued existence of the license precludes the very infringement counterclaim that normally would impose the burden of proving infringement on the patentee. Here, Medtronic [the licensee] is shielded from any liability for infringement by its license. And MFV [the licensor] has not asserted a claim of infringement, nor could it because of the license.”). That Amkor was licensed is shown by the arbitral tribunal’s finding that the license agreement did not terminate until February 17, 2011, three years after Tessera’s arbitral counterclaim.

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proceedings. Tessera's arguments are insufficient to overcome the plain meaning of the statutory text of section 315(b). Thus, we deny Tessera's motion and determine that Amkor's petition is not barred under section 315(b).

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