Intellectual Property Alert: Prior Case Dismissed Without Prejudice Starts Clock Running For IPR Filing

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A recent decision from the U.S. Court of Appeals for the Federal Circuit changes the landscape for defendants in patent infringement cases, and in certain circumstances may limit their ability to challenge a plaintiff's patent using the inter partes review (IPR) proceeding established in 2012.

IPRs were established primarily as a more cost-effective way for defendants in patent infringement cases to challenge a plaintiff's patent, as compared with asserting the patent's invalidity in district court. As such, while any disinterested person may file a petition for an IPR at any time (with some limitations beyond the scope of this discussion), there is a time limit for patent infringement defendants to do so. Section 315(b) of the Patent Act provides that an IPR "may not be initiated if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner . . . is served with a complaint alleging infringement of the patent." Despite this language, the Patent Trial and Appeal Board, which has jurisdiction over IPR proceedings, has interpreted this statute as not applying when the earlier patent infringement lawsuit was dismissed without prejudice. Relying on Federal Circuit precedents arising in other contexts, the board has held that such a dismissal without prejudice leaves the parties as though the action had never been brought and allows a party to file a petition for an IPR even if it had been served with a (dismissed) complaint for infringement over a year earlier.

Now, in *Click-to-Call Technologies, L.P. v. Ingenio, Inc.*, No. 2015-1242 (Fed. Circ. Aug. 18, 2018) (en banc), the Federal Circuit has held that the board's interpretation of Section 315(b) was erroneous, and that whenever a defendant is served with a complaint alleging patent infringement, the Section 315(b) clock starts running. Even a dismissal of the complaint without prejudice will not nullify the service of the complaint. This is the case even if, as in the *Click-to-Call* case, the complaint that was earlier dismissed was filed years before IPR proceedings were statutorily authorized.

The result reached by the Federal Circuit in *Click-to-Call* could potentially allow for some mischief on the part of patent plaintiffs, who now can serve a complaint on an alleged infringer and then dismiss the complaint without prejudice before the defendant responds. By doing so, the plaintiff would not have given the defendant any opportunity to engage in discovery to learn what plaintiff's theories of infringement are, which would in turn hamper the defendant's ability to prepare an IPR petition with the greatest likelihood of success. The defendant's clock, however, would be running.

Although not directly addressed by the Federal Circuit in *Click-to-Call*, it is almost certain that the result in this case also overrules the board's previous position in allowing IPRs to be filed after the petitioner had earlier filed a declaratory judgment action against the validity of the patent. Section 315(a)(1) of the Patent Act provides that an IPR may not be instituted if, before the IPR petition is filed, the petitioner "filed a civil action challenging the validity of a claim on the patent." The board has in earlier cases allowed IPRs to proceed if a petitioner had filed such an action but the action was dismissed with prejudice. Now, however, one must presume that any filing of such an action (which need not be served to trigger the bar) will foreclose the petitioner's right to file an IPR petition.

For further details regarding the *Click-to-Call* case and its potential impact on IPR practice and jurisdiction, please contact your Vorys patent attorney.