

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GOOGLE LLC,
Petitioner,

v.

PERSONALIZED MEDIA COMMUNICATIONS, LLC,
Patent Owner.

IPR2020-00723
Patent 7,747,217 B1

Before GEORGIANNA W. BRADEN, JON M. JURGOVAN, and
JOHN F. HORVATH, *Administrative Patent Judges*.

HORVATH, *Administrative Patent Judge*.

DECISION
Denying Institution of *Inter Partes* Review
35 U.S.C. § 314(a)

I. INTRODUCTION

A. Background

Google LLC (“Petitioner”) filed a Petition requesting *inter partes* review of claims 1–3, 7–9, 11, 12, 16–18, and 20–22 of U.S. Patent No. 7,747,217 B1 (Ex. 1001, “the ’217 patent”). Paper 1 (“Pet.”), 1. Personalized Media Communications, LLC (“Patent Owner”), filed a Preliminary Response. Paper 9 (“Prelim. Resp.”). In its Preliminary Response, Patent Owner identified its disclaimer of claims 7 and 8. *See* Prelim. Resp. 10; Ex. 2018. Thus, our review is limited to Petitioner’s challenge of claims 1–3, 9, 11, 12, 16–18, and 20–22 (“the challenged claims”).

In its Preliminary Response, Patent Owner also requested discretionary denial due to an upcoming district court trial. *See* Prelim. Resp. 2–11. With Board approval, Petitioner filed a Reply to the Preliminary Response. Paper 17 (“Reply”). Patent Owner filed a Sur-Reply to Petitioner’s Reply. Paper 19 (“Sur-Reply”).

We have jurisdiction and authority to institute trial pursuant to 35 U.S.C. §§ 6 and 314(a), and 37 C.F.R. § 42.4 (a). Upon consideration of the Petition, Preliminary Response, Reply, and Sur-Reply, we exercise our discretion to decline institution of *inter partes* review.

B. Related Matters

Petitioner and Patent Owner identify the following as matters that can affect or be affected by this proceeding. *See* Pet. 75–77; Paper 7, 2–3.

- *Personalized Media Communications, LLC v. Google LLC*, 2:19-cv-00090 EDTX Mar. 21, 2019

- *Personalized Media Communications, LLC v. Netflix, Inc.*, 2:19-cv-00091 EDTX Mar. 21, 2019
- *Personalized Media Communications, LLC v. TCL Corp.*, 2:17-cv-00433 EDTX May 17, 2017
- *Personalized Media Communications, LLC v. Hisense Co. Ltd.*, 2:17-cv-00437 EDTX May 17, 2017
- *Personalized Media Communications, LLC v. Haier America Company, LLC*, 2:17-cv-00438 EDTX May 17, 2017
- *Personalized Media Communications, LLC v. Tsinghua Tongfang Co., Ltd.*, 2:17-cv-00439 EDTX May 17, 2017
- *Personalized Media Communications, LLC v. Funai Electric Co., Ltd.*, 2:16-cv-00105 EDTX Feb. 1, 2016
- *LG Electronics, Inc. et al. v. Personalized Media Communications, LLC*, 1:15-cv-01096 DED Nov. 26, 2015
- *Personalized Media Communications, LLC v. Samsung Electronics America, Inc.*, 2:15-cv-01754 EDTX Nov. 10, 2015
- *Personalized Media Communications, LLC v. TPV Int'l(USA), Inc.*, 2:15-cv-01206 EDTX July 1, 2015
- *Funai Electric Co., Ltd. v. Personalized Media Communications, LLC*, 1:15-cv-00558 DED June 29, 2015
- *Samsung Electronics Co., Ltd. v. Personalized Media Communications, LLC*, IPR2017-00288 PTAB Nov. 18, 2016

Patent Owner also identifies *Google, LLC v. Personalized Media Communications, LLC*, IPR2020-00722 PTAB Mar. 21, 2020, and numerous matters before the Office, including *inter partes* reviews, *ex parte* reexaminations, reissue applications, issued patents, and pending applications as matters that could affect or be affected by this proceeding because they involve the '217 patent or related patents from the same patent family as the '217 patent. See Paper 7, 1–4.

C. Evidence of Record Relied Upon¹

| Reference | | Effective Date | Exhibit |
|------------------------------|--------------|----------------|---------|
| Millar et. al (“Millar”) | GB 1,370,535 | Oct. 16, 1974 | 1006 |
| Thonnart | US 4,413,281 | June 26, 1981 | 1010 |
| Campbell et. al (“Campbell”) | WO 81/02961 | Oct. 15, 1981 | 1014 |

D. Asserted Challenges to Patentability²

| Claim Challenged | Basis | References |
|------------------------------|----------|----------------------------|
| 1–3, 9, 11, 12, 16–18, 20–22 | § 103(a) | Campbell, Millar |
| 11, 12, 16–18 | § 103(a) | Campbell, Millar, Thonnart |

II. ANALYSIS

A. Discretionary Denial Under 35 U.S.C. § 314(a)

We have discretion under § 314(a) to deny any petition for *inter partes* review. *See Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140 (2016) (“[T]he agency’s decision to deny a petition is a matter committed to the Patent Office’s discretion.”); *SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348, 1356 (2018) (“[Section] 314(a) invests the Director with discretion on the question whether to institute review . . .” (emphasis omitted)); *Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) (“[T]he PTO is permitted, but never compelled, to institute an IPR proceeding.”).

¹ Petitioner also relies upon the Declaration of Clifford Reader (Ex. 1004).

² We list only the challenges that survive Patent Owner’s disclaimer of claims 7 and 8. *See* Prelim. Resp. 10; Ex. 2018.

In exercising discretion under 35 U.S.C. § 314(a), the Board may consider “events in other proceedings related to the same patent, either at the Office, in district courts, or the ITC.” Consolidated Trial Practice Guide November 2019³ (“TPG”) at 58. When a patent owner raises an argument for discretionary denial due to the advanced state of a parallel proceeding, the Board has set forth several factors that it will consider to balance considerations of system efficiency, fairness, and patent quality. *See Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 5–6 (PTAB Mar. 20, 2020) (precedential). These factors include:

1. whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;
2. proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision;
3. investment in the parallel proceeding by the court and the parties;
4. overlap between issues raised in the petition and in the parallel proceeding;
5. whether the petitioner and the defendant in the parallel proceeding are the same party; and
6. other circumstances that impact the Board’s exercise of discretion, including the merits.

Id. at 6. “[I]n evaluating these factors, the Board takes a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review.” *Id.*

³ Available at <https://www.uspto.gov/TrialPracticeGuideConsolidated>.

Patent Owner argues we should deny institution because a “district court action involving the ’217 Patent . . . is scheduled for October 19, 2020.” Prelim. Resp. 2. Petitioner disagrees, arguing “[t]he *Fintiv* factors weigh against exercising discretion to deny institution.” Reply 1. For the reasons explained below, given the facts of this case, we find it appropriate to exercise our discretion to deny institution of *inter partes* review.

1. whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted

Patent Owner argues this factor weighs in favor of denying institution because “[t]he Court has not stayed the Litigation and [Petitioner] has not even filed a motion seeking stay.” Prelim. Resp. 4. Petitioner disagrees, arguing that it “intends to seek a stay after an institution decision is made,” and has not yet sought a stay because the District Court “routinely denies motions to stay pending IPR until an institution decision [is] rendered.” Reply 1.

To date, both parties agree the district court case has not been stayed, and we decline to speculate whether the District Court will grant a motion to stay so close to the scheduled trial date should institution be granted. Accordingly, this factor is neutral.

2. proximity of the District Court’s trial date to the Board’s projected statutory deadline for a final written decision

Patent Owner argues “[t]his factor heavily weighs in favor of denying institution” because “[t]rial is scheduled to commence on October 19, 2020.” Prelim. Resp. 6 (citing Ex. 2001). Petitioner disagrees, arguing “surrounding circumstances indicate this date may change.” Reply 1. Specifically, Petitioner argues, the trial date may change because the COVID-19 pandemic has “significantly disrupted docket schedules” and

Petitioner has “filed for mandamus at the Federal Circuit to correct an erroneous venue finding.” *Id.* at 1–2 (citing Ex. 1027, 9).

To date, trial in the District Court case is set to begin on October 19, 2020, and we decline to speculate whether that date will change due to COVID-19 disruptions or a writ of mandamus from the Federal Circuit. We are cognizant of the impact COVID-19 has had on proceedings before the Board, in district courts, and otherwise. However, we are also cognizant that the District Court for the Eastern District of Texas has recently completed a jury trial. See Ex. 2021, 60–63 (docket for *Optis Wireless Tech., LLC v. Apple, Inc.*, 2:19-cv-00066 (E.D.TX Feb. 25, 2019) showing a jury trial held between August 3, 2020 and August 11, 2020).

As it stands, on this record, the jury trial in this case is set for October 2020, approximately ten months before the statutory deadline for a final written decision in this proceeding, should we institute trial. Generalized speculation as to trial dates universally (e.g., due to impacts of COVID-19), are outweighed by the fact that the jury trial in this case is scheduled to occur approximately ten months before the Board’s statutory deadline and the fact that the record lacks specific evidence showing that the jury trial is in doubt at this time. Accordingly, on this record, this factor weighs in favor of denying institution.

3. investment in the parallel proceeding by the court and the parties

Patent Owner argues this factor weighs in favor of denying institution. See Prelim. Resp. 6–8. Specifically, Patent Owner avers that the District Court has already invested substantial resources in the district court case because it has “reviewed all the briefings related to claim construction, held a *Markman* hearing, and issued a 94-page claim construction order.” *Id.* at 7

(citing Ex. 1026). Patent Owner further avers that the parties have also invested substantial resources in the district court case because expert discovery closed on July 8, 2020, and Patent Owner has already “submitted affirmative and rebuttal expert reports, including expert reports dealing with references cited by the Petition,” and has taken and “defended numerous depositions.” *Id.* at 7–8 (citing Ex. 2001, 2–3). Petitioner disagrees, arguing that “institution would allow the district court to avoid the ‘most burdensome parts of the case,’ such as jury selection, trial, and post-trial practice.” Reply 2 (internal citations omitted).

We find the District Court and the parties have invested significant resources in the district court case on issues of claim construction and validity, including by completing expert discovery on July 8, 2020. This factor weighs in favor of denying institution. *See Fintiv*, Paper 11 at 9–10 (“If, at the time of the institution decision, the district court has issued substantive orders related to the patent at issue in the petition, this fact favors denial. Likewise, district court claim construction orders may indicate that the court and parties have invested sufficient time in the parallel proceeding to favor denial.”).

4. overlap between issues raised in the petition and in the parallel proceeding

Patent Owner argues this factor weighs in favor of denying institution because, after disclaiming claims 7 and 8, “the claims at issue in this proceeding and the claims challenged by Petitioner in the District Court are *identical*” and “[t]he Petition includes the same primary reference relied on by Petitioner in the Litigation, and also raises the same arguments advanced by the Petitioner in the Litigation, including the same secondary reference

and obviousness arguments.” Prelim. Resp. 9–10 (citing Ex. 2002, 1; Ex. 2016, 2–4; Ex. 2018; Pet. 3). Petitioner does not dispute this, but nonetheless argues this factor does not weigh in favor of denying institution because “Petitioner has stipulated that, if this IPR proceeding is instituted, it will withdraw the identical grounds from the district court, thus eliminating any overlap in issues.” Reply 2–3 (citing Ex. 1028).

Based on the record, we are persuaded Petitioner’s stipulation would remove any overlap between this proceeding and the district court proceeding. Petitioner’s stipulation to withdraw the identical grounds mitigates to some degree the concerns of duplicative efforts between the district court and the Board, as well as concerns of potentially conflicting decisions. As noted in *Sand Revolution*, however, a broader stipulation that Petitioner would not “pursue any ground raised or that could have been reasonably raised in an IPR” might have better addressed these concerns in a much more substantial way. *Sand Revolution II, LLC v. Continental Intermodal Group-Trucking, LLC*, IPR2019-01393, Paper 24 at 12 n.5. Given Petitioner’s narrow stipulation that it will not pursue the identical grounds in the district court case if the Petition is granted, this factor weighs marginally against denying institution. *Id.* at 12.

5. *whether the petitioner and the defendant in the parallel proceeding are the same party*

Patent Owner argues “this factor weighs in favor [o]f denying institution” because the parties here and in the district court case are the same. Prelim. Resp. 11. Petitioner does not dispute this. Reply 1–3.

This factor weighs *against* denying institution when a petitioner is not a party in a district court case involving the same patent. *See Fintiv*,

Paper 11 at 13–14 (“If a petitioner is unrelated to a defendant in an earlier court proceeding, the Board has weighed this fact against exercising discretion to deny institution under *NHK*.”). Accordingly, this factor, when considered together with the remaining factors such as the overlap of issues and the significant investment of the parties, weighs in favor of denying institution.

6. other circumstances that impact the Board’s exercise of discretion, including the merits

Patent Owner argues this factor weighs in favor of denying institution because “[t]here are numerous weaknesses on the merits of the grounds in the Petition.” Prelim. Resp. 11. Petitioner argues this factor weighs against denying institution because the merits are strong and the “petition is the first patentability challenge to reach institution at the Board, despite multiple assertions by Patent Owner.” Reply 3.

As the Board explained in *Fintiv*, this factor is considered as “part of a balanced assessment of all the relevant circumstances in the case.” *Fintiv*, Paper 11 at 14. The goal of that assessment is to determine “whether efficiency and integrity of the system are best served by denying or instituting review.” *Id.* at 6. The assessment requires consideration of the “strengths or weaknesses regarding the merits,” but “[t]his is not to suggest that a full merits analysis is necessary to evaluate this factor.” *Id.* at 15–16.

Petitioner avers “the ’217 patent is one of 329 related applications having combined ‘between 10,000 and 20,000 claims,’” and one of a number of “continuations claiming priority back *forty years*.” Reply 3 (citing Ex. 1018, 2). Patent Owner does not dispute this. *See* Sur-Reply 3. Indeed, Patent Owner argues *Campbell* and *Thonnart* are not prior art

because the claimed invention was conceived nearly forty years ago, “prior to June 26, 1981.” Prelim. Resp. 25. Patent Owner also identifies more than 50 matters before the Office that could affect or be affected by this proceeding. Paper 7, 2–4.

The prosecution history for the ’217 patent, filed in six parts, is more than 6400 pages in length. *See* Ex. 1002, parts 1–6. It includes seven office actions and responses to the same, an appeal to the Board, an adverse Board decision on appeal, simultaneous requests for rehearing and a re-opening of prosecution to address the adverse Board decision, and an Examiner’s amendment that resulted in the allowance of the patent. *Id.* The complexity of the prosecution history can be illustrated, for example, by consideration of the prosecution history of claim 2. Claim 2, which issued as claim 1 of the ’217 patent, was amended nine times during the course of prosecution. *Id.* At various points, claim 2 was rejected as anticipated by a Campbell patent (US 4,536,791) having the same disclosure as the Campbell reference (WO 81/02961) relied on in the Petition. *Id.* Although this rejection was withdrawn, the rejection of claim 2 was maintained based on other references and affirmed on appeal to the Board. *Id.* Ultimately, claim 2 issued after amendments made by the Applicant and a new Examiner when prosecution was reopened. *Id.* But the patentability of claim 2 over Campbell and Millar was never considered.

This brief review of the complex prosecution history of claim 2, involving potentially broadening or narrowing claim amendments, illustrates how daunting a task claim construction will be. Further complicating that task, the prosecution history includes an International Trade Commission (“ITC”) decision affirming a 448 page Initial Determination (“ID”) relating

to a parent of the '271 patent, a Federal Circuit decision affirming-in-part, reversing-in-part, and vacating-in-part that ITC decision, an 85 page Claim Construction Report from a Special Master appointed by the District of Delaware to construe the claims in 5 of the 6 patents to which the '271 patent claims priority, and a 539 page Claim Construction Report from a Special Master appointed by the Northern District of Georgia to construe the claims in 6 of the 7 patents to which the '271 patent claims priority.

In short, a brief consideration of the prosecution history illustrates the tremendous resources that will be required to resolve issues of claim construction, let alone issues of conception and reduction to practice that will be required to reach even preliminary conclusions on the merits of the Petition. Given the significant resources already expended by the parties and the District Court in the related district court case, it would be an inefficient use of the Board's resources to perform a full merits analysis to determine whether the merits outweigh the *Fintiv* factors discussed above when the District Court will likely have performed a full merits analysis and issued a final decision on the merits more than 10 months before we can do so. Accordingly, this factor weighs in favor of exercising our discretion to deny institution.

III. CONCLUSION

As discussed above, *Fintiv* factor 1 is neutral, *Fintiv* factors 2, 3, 5 and 6 favor denying institution, and *Fintiv* factor 4 weighs in favor of not denying institution. Among the factors presented in this case, the most significant are the complexity of this case, the substantial resources the District Court and the parties already have expended getting ready for trial, and the soon approaching trial date. These facts outweigh Petitioner's

narrow stipulation. Given these facts, we find institution of *inter partes* review would be an inefficient use of the Board's resources and, therefore, exercise our discretion to deny institution of *inter partes* review.

IV. ORDER

It is ORDERED that the Petition for *inter partes* review is *denied*.

PETITIONER:

Erika H. Arner
Daniel C. Cooley
Joshua L. Goldberg
Cory C. Bell
Sydney R. Kestle
A. Grace Mills
FINNEGAN, HENDERSON, FARABOW, GARRETT & DUNNER, LLP
erika.arner@finnegan.com
daniel.cooley@finnegan.com
joshua.goldberg@finnegan.com
cory.bell@finnegan.com
sydney.kestle@finnegan.com
gracie.mills@finnegan.com

PATENT OWNER:

Dmitry Kheyfits
Andrey Belenky
Brandon Moore
KHEYFITS BELENKY LLP
dkheyfits@kblit.com
abelenky@kblit.com
bmoore@kblit.com

Thomas J. Scott Jr.
PERSONALIZED MEDIA COMMUNICATIONS LLC
tscott@pmcip.com