

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GOOGLE LLC,

Petitioner,

v.

PERSONALIZED MEDIA COMMUNICATIONS, LLC,

Patent Owner.

Case IPR2020-00723
U.S. Patent No. 7,747,217

PETITIONER'S REQUEST FOR REHEARING

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I. Introduction

Pursuant to 37 C.F.R. § 42.71(c) and (d), Petitioner Google LLC respectfully requests that the Patent Trial and Appeal Board (“Board”) reconsider its Institution Decision in this *inter partes* review of U.S. Patent No. 7,747,217 (“the ’217 patent”). The Institution Decision (Paper 22, “I.D.”) misapprehended three of the *Fintiv* factors that, when properly considered under the facts of this proceeding, weigh against the Board exercising its discretion to deny institution.¹ Accordingly, rehearing and institution should be granted.

II. Legal Standard

Pursuant to 37 C.F.R. § 42.71(d), a party may request rehearing of a decision by the Board whether to institute a trial. “The request must specifically identify all matters the party believes the Board misapprehended or overlooked, and the place where each matter was previously addressed in a motion, an opposition, or a reply.” 37 C.F.R. § 42.71(d). The Board reviews its previous decision for an abuse of discretion. 37 C.F.R. § 42.71(c). “An abuse of discretion may arise if a decision

¹ Google does not necessarily agree that *Fintiv*’s precedential nature is proper under the APA. For purposes of this Request, however, Google addresses the Institution Decision’s application of *Fintiv* as Google recognizes that the panel is bound to follow its own precedential decisions.

is based on an erroneous interpretation of law, if a factual finding is not supported by substantial evidence, or if an unreasonable judgment is made in weighing relevant factors.” *Incyte Corp. v. Concert Pharm., Inc.*, IPR2017-01256, Paper 13 at 3 (PTAB Apr. 9, 2018) (citing *In re Gartside*, 203 F.3d 1305, 1315-16 (Fed. Cir. 2000)).

III. The Board Misapprehended *Fintiv* Factors 6, 3, and 5, Causing It to Decide Not to Institute This Proceeding

The Board misapplied *Fintiv* factors 6, 3, and 5 in this case and made several errors of law. The proper analysis of these factors weighs against the Board exercising its discretion to deny institution. Accordingly, the Board should reverse the Institution Decision and institute review of the '217 patent.

A. The Board Misapprehended *Fintiv* Factor 6 by Failing to Consider the Strong Merits of the Petition

Fintiv factor 6 requires the Board to consider “other circumstances that impact the Board’s exercise of discretion, *including the merits.*” *Apple v. Fintiv*, IPR2020-00019, Paper 11 at 6 (PTAB Mar. 20, 2020) (precedential) (emphasis added). The Institution Decision, however, did not consider the merits of the Petition, finding it would be inefficient to do so. This is contrary to *Fintiv* factor 6’s requirements and the statutory framework of the America Invents Act (“AIA”).

Nothing in *Fintiv* allows the Board to disregard the merits when deciding whether to exercise its discretion under § 314(a). To the contrary, *Fintiv* expressly

requires that the panel consider the “strengths or weaknesses regarding the merits.” *Fintiv*, Paper 11 at 15-16. Notwithstanding this requirement, the Board only conducted a “brief consideration of the prosecution history,” declining to reach even “preliminary conclusions on the merits.” I.D. at 12. The Institution Decision does not address the merits of the prior art, claim construction, or positions on patentability. The Board's failure to address the “strengths or weaknesses regarding the merits” is contrary to *Fintiv* factor 6.

The Board's failure to consider the merits also contradicts the AIA's statutory requirements. Institution decisions under § 314(a) are determined by the threshold question of whether a petitioner has shown that “there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition,”—i.e., the merits. *See* 35 U.S.C. § 314(a). That merits question—the only test set forth in § 314(a)—is crucial to the Director's ability to determine whether review should be instituted because it allows the Board to weigh the merits against other factors. Here, the Institution Decision's “brief consideration of the prosecution history” (I.D. at 12) does not consider whether “there is a reasonable likelihood that the petitioner would prevail,” as required by § 314(a).

The Board's conclusion also conflicts with the statutory purpose of the AIA. Congress intended IPRs as “a timely, cost-effective alternative to litigation.”

77 Fed. Reg. 48680 (Aug. 14, 2012). The Institution Decision's treatment of factor 6 is contrary to that goal because it encourages parties to proceed like PMC: draft long and confusing patent applications; create complex, convoluted prosecution histories with tens of thousands of claims; and engage in large-scale patent assertion campaigns to dissuade post-grant review. The Institution Decision declines to institute IPR reviews when such review is needed most to provide an efficient alternative to litigation. *See* H.R. Rep. No. 112-98, at 45-46, 163-164 (June 1, 2011).

The Institution Decision's treatment of factor 6 misapplies *Fintiv* and the governing statutes for AIA proceedings. Rehearing is warranted.

B. The Board Misapprehended *Fintiv* Factor 3 Because Its Analysis Discourages Efficiency

The Board's application of factor 3 misapprehends the analysis outlined in *Fintiv*. When analyzing the investment in the proceeding, *Fintiv* discusses claim construction, but it does not state that the claim construction process *necessarily* weighs in favor of discretionary denial. Holding that claim construction weighs in favor of discretionary denial would not make sense because the Patent Office specifically changed to the *Phillips* claim construction standard to better harmonize district court and AIA proceedings. Thus, at a minimum, the Board should reconsider this factor and provide the proper weight of claim construction that,

when weighed with other considerations, weighs against discretionary denial.

Unlike the Institution Decision's treatment of this factor, *Fintiv* contemplates a nuanced approach where the investment is considered on its facts. A district court's investment in claim construction will often weigh *against* discretionary denial, rather than for it, because the claim construction analysis can be directly used and considered by the Board, resulting in a more developed record early in an IPR proceeding.

The legal standards used in PTAB proceedings were aligned with the standards used in district court, allowing the Board to benefit from these efficiencies. The Board and the district court both use the *Phillips* claim construction standard. 37 C.F.R. § 100(b). Claim construction is also an issue of law that focuses on the intrinsic record of the patent and prosecution history. *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 372 (1996). Therefore, any work done in the district court proceeding can be reviewed and considered by the Board under the same standards.² Indeed, the Board's rules expressly contemplate

² Indeed, several members of Congress argued the time bar "should be tied to substantive process in patent litigation, such as the entry of an order by the district court construing the relevant patent claims" to "ensure that defendants have an

considering a district court's constructions.

Notwithstanding these considerations, the Board's decision states that "the parties have invested significant resources in the district court case on issues of claim construction and validity," finding this weighed against institution. I.D. at 8. *Fintiv* does not sanction this generalized approach. Rather, *Fintiv* states that "district court claim construction orders *may indicate* that the court and parties have invested sufficient time in the parallel proceeding to favor denial." *Fintiv*, Paper 11 at 9-10 (emphasis added). *Fintiv* clarifies this further when stating that "the weight to give claim construction orders *may vary* depending upon a particular district court's practices." *Fintiv*, Paper 11 at 10 (emphasis added). For example, the claim construction order may weigh against discretionary denial when it facilitates the Board's review of the relevant issues, which must be balanced against other investments that may weigh for or against review.

This case demonstrates the efficiency of early issue development via claim

opportunity to prepare legitimate petitions for *inter partes* review based upon the core issues in a patent case." H.R. Rep. No. 112-98, at 165 (June 1, 2011). In other words, Congress contemplated that petitions would be filed after claim construction to crystalize the issues for the Board. The Board's treatment of factor 3 contradicts this intent.

construction. Google filed its Petition after the parties had commenced the claim construction process in district court and was therefore able to address *both* parties' claim constructions in the Petition, rather than having such issues deferred to post-institution or the oral hearing. Google then submitted the district court's claim construction ruling to the Board prior to the Institution Decision (Ex. 1026), allowing the Board the benefit of the district court's reasoning. This was especially useful in this case, where the Board noted an extensive prosecution history. I.D. at 11-12.

In contrast to the efficient presentation of the issues in the Petition, the Board's application of *Fintiv* prioritizes speed-of-filing, which encourages petitioners to file petitions prior to claim construction and to present petitions without the benefit of knowing the parties' claim construction disputes. The inability to address patent owner's constructions in a petition creates piecemeal presentation of such issues, inviting supplemental briefing (to the extent that a patent owner chooses to raise claim construction prior to institution)³ and allows

³ Patent owners have argued that they need not present claim construction positions in a preliminary response, which allows patent owners to delay presenting constructions even after a petitioner presented its construction and thereby hinders

many cases to proceed beyond institution that might have been resolved by settlement or a dispositive ruling during the institution phase. Discounting or disregarding efficiencies of the claim construction process makes the Board's and the parties' overall job more difficult and inefficient. *Fintiv* does not support this approach.

The Board noted that the district court and the parties had also invested in other issues, such as discovery. I.D. at 8. But this situation will often be true when a petition is filed before or during the claim construction process. As the Board has observed, "Congress recognized that an instituted IPR proceeding and the associated litigation may involve some amount of duplicative efforts," but that alone does not merit discretionary denial. *Avi Networks, Inc. v. Citrix Sys., Inc.*, IPR2019-00845, Paper 19 at 6 (PTAB Oct. 1, 2019).

considered opinions by the Board. See *Google v. Hammond Development Int'l*, IPR2020-00080, Paper 7, Preliminary Response, at 35 (arguing that "Patent Owner is not required to propose claim constructions in a Preliminary Response" and "reserv[ing] the right to identify claim constructions" after institution). Thus, by presenting both parties' constructions in a petition (which necessarily occurs after an investment in claim construction in the district court), the Board can weigh a more complete record at institution.

Because Google's Petition uses the parties' and district court's investment in claim construction to present well-developed issues for the Board, these efficiencies weigh in favor of institution and must be balanced against other investments to determine the weight of this factor. Here, the investment in the parallel proceeding should weigh against discretionary denial, not in favor of it.

C. The Board Misapprehended *Fintiv* Factor 5, Which Should at Worst Be Neutral When the Parties Are the Same

The Board's analysis of factor 5, whether the parties are the same, misapprehends *Fintiv* and contravenes the purpose of the AIA. The Board's application of *Fintiv* weighs against institution when the petitioner is a party to a litigation, when the AIA expressly contemplates IPR proceedings as being an alternative to litigation (i.e., the petitioner is a litigant). This cannot be correct.

Fintiv states that "[i]f 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*." *Fintiv*, Paper 11 at 13-14 (emphasis added). Therefore, a *dissimilarity* in the parties may *favor* institution. However, *Fintiv* never holds that *similarity* between the parties weighs *against* institution, nor should it be interpreted as doing so.

Congress created AIA reviews as a tool to provide an alternative forum for litigating patent validity for a party that had been sued. The statutes and legislative

history reflect this understanding. For example, the statutes for IPR proceedings set a one-year time bar after a defendant is served with a complaint to file a petition. 35 U.S.C. § 315(b).⁴ Therefore, factor 5 should be at worst neutral when the parties are the same, if not weigh in favor of institution. “To hold otherwise—that the [fifth] factor weighs in favor of denial if the parties are the same—would, in effect, tip the scales against a petitioner merely for being a defendant in the district court.” *See, e.g., Cisco Sys. v. Ramot at Tel Aviv Univ.*, IPR2020-00122, Paper 15 at 11 (J. Crumbley dissenting) (“I see no basis for such a presumption, either in the text of the statute or in the intent of Congress in passing it. Indeed, it would seem to be contrary to the goal of providing district court litigants an alternative venue to resolve questions of patentability.”).

IV. CONCLUSION

Because the Board misapprehended *Fintiv* factors 3, 5, and 6, it incorrectly determined that it should exercise its discretion not to institute review. Properly considered, factors 3 and 6 (in addition to factor 4) weigh in favor of review, and factor 5 (in addition to factor 1) are neutral. Thus, the Board should institute

⁴ The former Covered Business Method proceedings required the filing party to have been sued or threatened with suit such that it had declaratory judgment standing. AIA § 18(a)(1)(B).

review on all grounds set forth in the Petition.

Date: September 30, 2020

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing **Petitioner's Request for Rehearing** was served on September 30, 2020 via email directed to counsel of record for the Patent Owner at the following:

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Dated: September 30, 2020

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