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Paper 25
Entered: November 5, 2020

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 Petitioner's Request on Rehearing of
Decision Denying Institution of *Inter Partes* Review
37 C.F.R. § 42.71(d)

I. INTRODUCTION

A. Background

On August 31, 2020, we denied Google LLC's ("Petitioner") Petition for *inter partes* review of U.S. Patent No. 7,747,217 B1 ("the '217 patent"). Paper 22 ("Dec." or "Decision"). In doing so, we evaluated and weighed the factors set forth in *Apple v. Fintiv*, IPR2020-00019, Paper 11 (PTAB March 20, 2020) (precedential), which were briefed by the parties, and determined the factors weighed in favor of denying institution as an exercise of our discretion under 35 U.S.C. § 314(a).

On September 30, 2020, Petitioner filed a Request for Rehearing of our Decision, contending the Decision misapprehended *Fintiv* and improperly weighed the *Fintiv* factors. Paper 24 ("Reh'g. Req."). For the reasons expressed below, we deny Petitioner's Request for Rehearing.

B. Standard for Reconsideration

When rehearing a decision on petition, the Board will review the decision for an abuse of discretion. *See* 37 C.F.R. § 42.71(c). "An abuse of discretion occurs if the decision: (1) is clearly unreasonable, arbitrary, or fanciful; (2) is based on an erroneous conclusion of law; (3) rests on clearly erroneous fact findings; or (4) involves a record that contains no evidence on which the Board could rationally base its decision." *Redline Detection, LLC v. Star Envirotech, Inc.*, 811 F.3d 435, 442 (Fed. Cir. 2015) (internal citations omitted). A request for rehearing "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 burden of showing a

decision should be modified on a request for rehearing lies with the party challenging the decision. *Id.*

II. ANALYSIS

Petitioner contends we "misapplied *Fintiv* factors 6, 3, and 5 in this case and made several errors of law," and that a "proper analysis of these factors weighs against the Board exercising its discretion to deny institution." Reh'g. Req. 2.

As an initial matter, Petitioner's contention that we improperly weighed the *Fintiv* factors is, ultimately, a contention that Petitioner would have weighed the factors differently. *Id.* But the weight assigned to the *Fintiv* factors, like the ultimate decision on whether to institute trial, is left to the sound discretion of the Board. *See Deloach v. Shinseki*, 704 F.3d 1370, 1380 (Fed. Cir. 2013) (finding "the evaluation and weighing of evidence are factual determinations committed to the discretion of the factfinder," and the factfinder's weighing of the evidence is reversible error only when the entirety of the evidence leads to a "definite and firm conviction that a mistake has been committed"). Thus, the fact that Petitioner would have us weigh the *Fintiv* factors differently is insufficient to show we erred in our weighing of the factors.

A. Fintiv Factor 6

This factor asks us to consider "other circumstances that impact the Board's exercise of discretion, including the merits." *Fintiv*, Paper 11 at 6. Petitioner argues that our analysis of this factor, which did not address the full merits of the Petition, was erroneous because it "is contrary to *Fintiv* factor 6's requirements and the statutory framework of the America Invents Act ("AIA")." Reh'g. Req. 2. Specifically, Petitioner argues that "[n]othing

in *Fintiv* allows the Board to disregard the merits when deciding whether to exercise its discretion under § 314(a)." *Id.* Moreover, Petitioner argues, § 314(a) requires decisions on institution to be "determined by the threshold question of whether a petition 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." *Id.* at 3 (quoting 35 U.S.C. § 314(a)).

We are not persuaded by Petitioner's arguments. First, as noted in our Decision, the Supreme Court and the Federal Circuit have recognized that § 314(a) invests the Director with *discretion* to institute *inter partes* review despite the merits of the petition. *See* Dec. 4; *see also 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 . . . ."); *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.") (emphasis added). That is, § 314(a) constrains the Director's ability to institute *inter partes* review by preventing him from "authoriz[ing] inter partes review . . . unless . . . there is a reasonable likelihood that the petitioner would prevail," but does not *mandate* the Director to institute *inter partes* review for any reason, including the merits of a petition.

Second, as also noted in our Decision, *Fintiv* does not require us to consider the merits of the petition in isolation, but instead requires us to consider the merits as "part of a balanced assessment of all the relevant [*Fintiv* factors] in the case," which "is not to suggest that a full merits analysis is necessary." Dec. 10 (quoting *Fintiv*, Paper 11 at 14, 15). Our Decision does that by (a) recognizing the tremendous resources needed "to

reach even preliminary conclusions on the merits," (b) balancing the needed resources against "the significant resources already expended by the parties and the District Court," and (c) recognizing the inefficiency of "perform[ing] a full merits analysis to determine whether the merits outweigh the [other] *Fintiv* factors . . . when the District Court will likely have performed a full merits analysis . . . more than 10 months before we can do so." *Id.* at 12.

Patent Owner has not shown any error in that analysis. *See* Reh'g Req. 2–4. Patent Owner's argument that *Fintiv* requires a full merits analysis is contrary to the language of § 314(a), as interpreted by the Supreme Court and Federal Circuit, and is contrary to *Fintiv* itself. As discussed above, the need to conduct a full merits analysis is a *constraint* on the Director's ability to institute *inter partes* review rather than a *mandate* to institute review of a petition based on its merits. *See* 35 U.S.C. § 314(a); *SAS* 138 S. Ct. at 1356; *Harmonic*, 815 F.3d at 1367. Recognizing this, *Fintiv* finds the merits should be considered as part of a balanced assessment of all relevant factors, which "is not to suggest that a full merits analysis is necessary to evaluate this factor." *Fintiv*, Paper 11 at 15.

Third, as noted in our Decision, we did not consider the full merits of the Petition because we determined after a brief consideration of the prosecution history that "tremendous resources . . . 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." Dec. 12. Thus, even assuming that factor 6 weighs in favor of institution, we would still deny institution because the other *Apple v. Fintiv* factors in this case weigh against institution. That is, we determined based on our review of the prosecution

history and the issues raised by the parties, including claim construction, conception, and diligent reduction to practice, that the resources that would be required to reach even a preliminary conclusion on the merits when added to the resources already spent in the district court case would outweigh whatever the merits might be.

For the reasons discussed above, Petitioner fails to show we misconstrued *Fintiv*, *or* erred in our interpretation or weighing of factor 6 under a proper *Fintiv* analysis.

B. Fintiv Factor 3

This factor asks us to consider "investment in the parallel proceeding by the court and the parties." *Fintiv*, Paper 11 at 6. Although Petitioner recognizes that our Decision analyzed this factor by considering the investments the parties and District Court made on various issues, including claim construction and validity, Petitioner's argument is focused largely on the District Court's claim construction Order. *See* Reh'g Req. 4–9. Petitioner argues that our analysis of this factor was in error because *Fintiv* "does not state that the claim construction process *necessarily* weighs in favor of discretionary denial," but instead "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.'" *Id.* at 4, 6 (quoting *Fintiv*, Paper 11 at 10).

We are not persuaded by Petitioner's argument. *Fintiv* states:

> The Board also has considered the amount and type of work already completed in the parallel litigation by the court and the parties at the time of the institution decision. Specifically, 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*. . . . This investment factor is related to the

> trial date factor, in that more work completed by the parties and court in the parallel proceeding tends to support the arguments that the parallel proceeding is more advanced, a stay may be less likely, and instituting would lead to duplicative costs.

Fintiv, Paper 11 at 9–10 (emphasis added). Thus, a *Fintiv* analysis considers not only work done on claim construction, but "the amount and type of [all] work already completed . . . by the court and parties." *Id.* This is done to determine whether "the parallel proceeding is more advanced . . . and instituting would lead to duplicative costs." *Id.*

Our Decision performed such an analysis, finding factor 3 favored denying institution because "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." Dec. 8. The issuance of the 94-page claim construction order and the completion of expert discovery on validity, all done in preparation for a trial scheduled to commence less than two months after our Decision was due, is evidence that "the parallel proceeding is more advanced, a stay may be less likely, and instituting would lead to duplicative costs," all of which are factors that "favor[] denial" because "the court and parties have invested sufficient time in the parallel proceeding to favor denial." *Fintiv*, Paper 11 at 9–10.

For the reasons discussed above, Petitioner fails to show we misconstrued *Fintiv,* or erred in our interpretation or weighing of factor 3 under a proper *Fintiv* analysis.

C. Fintiv Factor 5

This factor asks us to consider "whether the petitioner and the defendant in the parallel proceeding are the same party." *Fintiv*, Paper 11

at 6. Petitioner argues we misapprehended this factor because although *Fintiv* supports the proposition that "a *dissimilarity* in the parties may *favor* institution," it does not "hold[] that *similarity* between the parties weighs *against* institution." Reh'g. Req. 9. Thus, Petitioner argues, "factor 5 should be at worst neutral when the parties are the same, if not weigh in favor of institution." *Id.* at 10.

Petitioner's argument fails to demonstrate any error in our Decision's analysis of factor 5. The Decision correctly states that "[t]his factor weighs *against* denying institution when a petitioner is not a party in a district court case involving the same patent." Dec. 9–10 (quoting *Fintiv*, Paper 11 at 13–14). The Decision does not state that this factor, alone, favors denying institution when the petitioner is a party to the district court case. Rather, it states that "this factor, when *considered together with the remaining factors* . . . weighs in favor of denying institution." *Id.* at 10.

For the reasons discussed above, Petitioner fails to show we misconstrued *Fintiv* or erred in our interpretation or weighing of factor 5 under a proper *Fintiv* analysis.

D. Balancing the Fintiv Factors for Abuse of Discretion

We have considered carefully the arguments and evidence before us in view of the *Fintiv* factors Petitioner relies upon to argue we erred in our Decision. As we discussed previously, our analysis is fact driven, and no single factor is determinative of whether we exercise our discretion to deny institution under § 314(a). *Fintiv* factor 6 does not weigh in favor of institution because the strength of the merits are not clear and it would be inefficient to expend the resources needed to provide clarity given the significant resources already spent by the parties and the District Court. In

any case, we considered a balanced assessment of all factors as required by *Fintiv*, including the investment in claim construction and discovery (factor 3), the pending trial date[1] (factor 1), and the fact that there is no difference between the parties (factor 5), and concluded that the balance of the *Fintiv* factors weighed in favor of exercising our discretion to deny institution.

Petitioner's arguments show no misapprehension of our analysis or weighing of the *Fintiv* factors. Although Petitioner would have us weigh the factors differently, disagreement with how the Board weighed the factors is not a proper basis for requesting rehearing nor is it evidence that our Decision mistook *Fintiv* or overlooked or misapprehended any *Fintiv* factors.

III. CONCLUSION

For the reasons expressed above, Petitioner has failed to demonstrate any error in or abuse of discretion in the issuance of our Decision. Accordingly, Petitioner has failed to demonstrate that our Decision should be modified, and their Request for Rehearing is *denied*. *See* 37 C.F.R. § 42.71(d).

IV. ORDER

For the reasons given, it is:

[1] We note that trial was set originally for October 19, 2020. Paper 17, 1. Petitioner filed a Writ of Mandamus with the Federal Circuit seeking to overturn the district court's finding on venue. *Id*. at 1–2 (citing Ex. 1027, 9). The Federal Circuit denied that Writ on September 18, 2020. *See In re Google LLC*, Case 20-144 (Fed. Cir. 2020).

ORDERED Petitioner's Request for Rehearing of the Decision to Deny Institution is *denied*.

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