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Paper 70
Entered: December 9, 2015

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

CORNING OPTICAL COMMUNICATIONS RF, LLC,
Petitioner,

v.

PPC BROADBAND, INC.,
Patent Owner.

Case IPR2014-00440 (Patent 8,597,041 B2)
Case IPR2014-00441 (Patent 8,562,366 B2)
Case IPR2014-00736 (Patent 6,676,446 B2)[1]

Before JAMESON LEE, JOSIAH C. COCKS, and
JACQUELINE WRIGHT BONILLA, *Administrative Patent Judges*.

BONILLA, *Administrative Patent Judge*.

DECISION
Denying Petitioner's Request for Rehearing
37 C.F.R. § 42.71

[1] This Decision addresses common issues raised in all three cases. Papers, arguments, and evidence submitted by Patent Owner and Petitioner as it relates to the issue at hand are largely the same in each case. Thus, we issue one Decision to be entered in each case. The parties are not authorized to use this caption without prior authorization of the Board.

I. INTRODUCTION

Corning Optical Communications RF, LLC ("Petitioner") filed a Request for Rehearing of our Decision dated August 18, 2015 (Paper 68, "Dec." or "Decision"), granting a Motion by PPC Broadband, Inc. ("Patent Owner") to dismiss the Petition for failure to name all real parties-in-interest in each of the three above-captioned cases. Paper 69 ("Req. Reh'g." or "Request").[2] Because the real parties-in-interest ("RPI") issue is common to all three cases, and both parties filed similar papers in all cases as it relates to this issue, we consider the three cases together here.

In our Decision, we determined that Patent Owner had established by a preponderance of the evidence that the three Petitions should have identified Petitioner's parent company, Corning Incorporated ("Corning Inc."), and Petitioner's sister company, Corning Optical Communications LLC ("Corning NC"), as RPIs. Dec. 25–26. Because the Petitions failed to identify all RPIs as required by 35 U.S.C. § 312(a)(2), we granted Patent Owner's Motions to Dismiss (Paper 43, "Motion"), vacated our Decisions to Institute (Paper 10), and terminated the reviews. Dec. 1–3, 25–26.

In its Request, Petitioner contends that we committed legal error regarding applicable standards and burden, and also misrepresented or overlooked evidence, such as evidence relating to funding and Patent Owner's delay in raising the RPI issue. Req. Reh'g. 1–11. Petitioner also asserts that we should have allowed it to correct the Petitions to identify all RPIs, without loss of the original filing date of

[2] For clarity and expediency, we treat IPR2014-00440 as representative of all three cases, and all citations herein are to IPR2014-00440 unless otherwise noted.

the Petitions, thereby avoiding an application of the time-bar under 35 U.S.C. § 315(b). *Id*. at 12–15.

Under 37 C.F.R. § 42.71(c), "[w]hen rehearing a decision on petition, a panel will review the decision for an abuse of discretion." An abuse of discretion occurs when a "decision was based on an erroneous conclusion of law or clearly erroneous factual findings, or . . . a clear error of judgment." *PPG Indus. Inc. v. Celanese Polymer Specialties Co. Inc.*, 840 F.2d 1565, 1567 (Fed. Cir. 1988) (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." 37 C.F.R. § 42.71(d).

II. ANALYSIS

A. Petitioner's Contentions Regarding Legal Error

As an initial matter, Petitioner asserts that we committed error in our Decision by failing to follow "standards" presented by a different panel in *Jiawei Technology (HK) Ltd. et al. v. Simon Nicholas Richmond*, Case IPR2014-00935 (PTAB Aug. 21, 2015) (Paper 52). Req. Reh'g. 2–4, 7–8, 11–13, 15. Petitioner contends that the "opposite results" in the *Jiawei* case "demonstrate that Petitioner's decision to name itself as the RPI was correct and was certainly reasonable when the Petitions were filed" in the instant cases. *Id*. at 3.

As stated in *Jiawei* (Case IPR2014-00935, slip. op at 5–6 (Paper 52)), and in our Decision here (Dec. 14–15), whether a non-named party is a RPI "is a highly fact-dependent question." Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,759 (Aug. 14, 2012) ("Trial Practice Guide") (citing *Taylor v. Sturgell*, 533 U.S. 880 (2008)). There is no "bright line test." *Id*. Although "rarely will one fact, standing alone, be determinative of the inquiry" (*id*. at 48,760), "[a] common

consideration is whether the non-party exercised or could have exercised control over a party's participation in a proceeding" (*id*. at 48,759 (citations omitted)). Other considerations may include whether a non-party "funds and directs and controls" an IPR petition or proceeding; the non-party's relationship with the petitioner; the non-party's relationship to the petition itself, including the nature and/or degree of involvement in the filing; and the nature of the entity filing the petition. *Id*. at 48,759–60.

That a different panel, when taking into account the above-mentioned considerations in another case involving different facts and evidence, came to a different conclusion does not persuade us that we "ignored" or failed to apply relevant "standards" for determining RPI in our Decision. Req. Reh'g. 1–4. To the contrary, we took into account the same considerations—as outlined in our Trial Practice Guide and mentioned in our Decision—but came to a different conclusion based on the particular facts and evidence before us. Dec. 14–23. For example, even if "only Petitioner has been sued" and Patent Owner has never sued Corning Inc. or Corning NC, we explained previously that such information alone is not dispositive. Req. Reh'g. 3–4; Dec. 22.

Petitioner also contends that we erred by citing "contradictory 'opportunity to control' and 'effective control' standards" in our Decision, and by "finding control" merely based on "officers who wear multiple hats and lawyers who are employed by" Corning Inc. and who acted "on behalf of Petitioner in these proceedings." Req. Reh'g. 7–8. Such statements, rehashing arguments raised previously by Petitioner, which we addressed already in our Decision, do not persuade us to come to a different conclusion now. Dec. 7–23 (citing, for example, Opp. 6–19).

Petitioner also asserts in its Request that we failed to address certain listed evidence when considering Patent Owner's delay in filing its Motions to Dismiss, and that we failed to address how "the alleged 'triggering' event" had "any nexus to the RPI inquiry." Req. Reh'g. 10–11. Generally speaking, Petitioner's assertions in this regard again rehash arguments and cite evidence that we addressed in our Decision. Dec. 5–6, 11–13 (citing Motion 12–15; Opp. 2–6). Petitioner's relatively cursory contentions in its Request now (Req. Reh'g. 10–11) do not persuade us to come to a different conclusion. For example, although we did not use the word "nexus" per se, the Decision addressed the nexus point raised by Petitioner in its Request. Dec. 5–6, 12–13 (citing Motion 13–14; Opp. 2–6).

In addition, Petitioner argues that we "impermissibly placed the burden of proof on Petitioner." Req. Reh'g. 9–10. As noted in our Decision, we placed the ultimate burden of proof, i.e., burden of persuasion, on Patent Owner, not Petitioner. Dec. 13–14 (stating that if "a patent owner raises the RPI issue after institution and after filing a response to the petition, and in the form of a motion . . . , the burden of proof is on the patent owner as the proponent of the motion"). As explained recently by the Federal Circuit, the "burden of persuasion 'is the ultimate burden assigned to a party who must prove something to a specified degree of certainty,' such as by a preponderance of the evidence." *Dynamic Drinkware, LLC v. Nat'l Graphics, Inc.*, 800 F.3d 1375, 1378 (Fed. Cir. 2015) (quoting *Tech. Licensing Corp. v. Videotek, Inc.*, 545 F.3d 1316, 1326–27 (Fed. Cir. 2008)).

Notwithstanding Patent Owner's burden of persuasion, however, once it came forward with sufficient evidence indicating that Petitioner should have identified Corning Inc. and Corning NC as RPIs (as cited and discussed in Patent

Owner's Motion), a "shifting burden" came into play, i.e., a "burden of production" on Petitioner. *Id*. at 1379. To address that burden of production, Petitioner had an opportunity to "produc[e] additional evidence and present[] persuasive argument based on new evidence or evidence already of record" in its Opposition to Patent Owner's Motion to Dismiss. *Id*. (citations omitted). It was in this capacity, only after determining that Patent Owner had made a sufficient showing regarding RPI, that we stated that Petitioner did not point "to credible evidence indicating that if interests of Corning Inc. and Petitioner ever diverged, Mr. Hulme and Mr. Vynalek, who are employees of Corning Inc. (Ex. 2100, 12–14), would act in a matter contrary to Corning Inc.'s interests." Dec. 22; Req. Reh'g. 9.

Thereafter, based on all evidence before us, we concluded that Patent Owner had established by a preponderance of the evidence that Corning NC and Corning Inc. should have been named as RPIs in these proceedings. Dec. 13–14, 16, 25. Thus, Petitioner does not persuade us that we impermissibly placed the burden of persuasion on Petitioner.

In relation to the "preponderance of the evidence" standard, Petitioner also argues that we erred by relying on that standard in our Decision, rather than an "abuse of discretion standard" that we should have applied when "reconsidering" our Decision to Institute. Req. Reh'g. 11–12. Our Decision did not, however, address a Request for Rehearing in relation to the Decision to Institute, a situation where we would have applied the abuse of discretion standard (as we do here when considering this Request). In relation to a motion filed during trial, we consider whether the moving party has met its burden of proof to establish by a

preponderance of the evidence that it is entitled to the requested relief. 37 C.F.R. § 42.20(a), (c); § 42.1(d).

B. "Funding" Evidence

Petitioner argues that we misapprehended evidence relating to "funding" by Petitioner, as relevant to our determination regarding Petitioner's parent company, Corning Inc. Req. Reh'g. 4–7. Although Petitioner may disagree with our assessment of evidence, we are not persuaded that we misapprehended the evidence cited by Petitioner in this regard.

When discussing funding, Petitioner refers to Ex. 1088 (Declaration by Helen Boemmels), Ex. 1102 (Corning "Project Costing Resource Transaction Report" for "Business Unit" Petitioner), Ex. 1103 ("Journal Template" entries), Ex. 1104 ("Electronic Payment Notification" from Corning Inc. to outside counsel), Ex. 1105 ("Voucher Accounting Entries"), and Exs. 1094 and 1100 ("Service Level Agreements" between Corning Shared Services—North America ("CSS-NA") and "Business Unit" Corning Gilbert, i.e., Petitioner).[3] Req. Reh'g. 4–7. Petitioner cites that evidence to support its contention in its Request that "Petitioner ***funds*** [outside counsel] Buchanan's invoices at the time the invoices

[3] In its Request for Rehearing, Petitioner also cites Ex. 2116, a printout of a "LinkedIn" Profile for Ms. Boemmels. Req. Reh'g. 4–5. Petitioner did not cite Ex. 2116 in its Opposition to Patent Owner's Motion to Dismiss. Paper 54 ("Opp."). Although Petitioner may not rely on evidence for the first time in a Request for Rehearing, we nonetheless note that Ex. 2116 suggests that Ms. Boemmels considers Petitioner (located in Glendale, Arizona) to be "Corning Incorporated" located in "Glendale, AZ," the location where Ms. Boemmels has worked as a "Plant Controller" since 2006. Ex. 2116; Decision 7–8. Such evidence indicates that Ms. Boemmels may consider Petitioner to be interchangeable with, or at least have similar interests to, Corning Inc., the parent company of Petitioner.

are inputted into the accounting system, which occurs ***before payment*** of Buchanan's invoices." *Id*. at 5 (citing Petitioner's Opposition to the Motion to Dismiss (Paper 54, "Opp.") at 8–10).

We considered such evidence in our Decision and were not persuaded. Dec. 20–21. Petitioner focuses on the "reimbursement" and "payment" aspect of our analysis to argue in its Request that "[n]o additional 'reimbursement' step is appropriate because ***funding by Petitioner has already occurred*** at the time the invoices are entered into the accounting system, and before Buchanan's invoices are paid." Req. Reh'g. 5 (emphasis in original). Our finding, however, was not limited to subsequent reimbursement. Rather, we determined that Petitioner did not show sufficiently that it "actually reimbursed or otherwise paid Corning Inc. in relation to the IPRs in question." Dec. 20–21. The parties do not dispute that outside counsel billed Corning Inc. (not Petitioner) in relation to these proceedings, or that Corning Inc. paid those bills. *See, e.g.*, Ex. 1101 (invoice from outside counsel sent to Corning Inc.); Ex. 2100, 5–6 (Petitioner stating that relevant payments were sent to outside counsel "from Corning Incorporated, through Corning Shared Services—North America on behalf of Petitioner."); Ex. 1104 ("Electronic Payment Notification" indicating that Corning Inc. provided payment to outside counsel).

In its Opposition to Patent Owner's Motion to Dismiss, Petitioner argued that the Law Department of parent Corning Inc. received and reviewed relevant invoices "on behalf of Petitioner," CSS-NA processed payment of the invoices "on behalf of Petitioner," and "the Plant Controller of Petitioner validate[d] that Buchanan's invoices ha[d] been appropriately allocated to and funded by

Petitioner" (citing Ex. 1088 ¶ 32). Opp. 9–10 (citing Ex. 1088 ¶¶ 24–72; Ex. 1101–1106, 1108, 1109).

In our Decision, we understood that Ms. Boemmels, as Plant Controller for Petitioner, testified that she "verified" that transactions set forth in a Transaction Report (Ex. 1102) were "funded by" Petitioner, "as reflected" in Exhibit 1102. Ex. 1088 ¶¶ 32, 21–22; Dec. 20 (citing Opp. 9 (citing Ex. 1088 ¶¶ 24–32; Ex. 1094; Exs. 1100–1105, Ex. 1107)). We were not persuaded, however, that Exhibit 1102 itself (or any of Exhibits 1101–1106) adequately provided such a showing. Dec. 20–21.

As stated in our Decision, Exhibit 1102 and other evidence revealed "costs attributed to Petitioner, which Petitioner acknowledges were paid by Corning Inc., without showing sufficiently that funds went from Petitioner to Corning Inc." *Id*. While the Decision did not say so expressly, our statement also implied directly that the evidence overall, notwithstanding Ms. Boemmels testimony, failed to show "sufficiently that funds went from Petitioner" to any entity, such as Corning Inc., the entity that actually paid the invoices. *Id*. Thus, even if our Decision referred to reimbursement or payment to Corning Inc. by Petitioner, we determined overall that evidence before us established that Corning Inc. paid relevant invoices, without establishing sufficiently that Petitioner ever "funded" those invoices at any point, either before or after Corning paid the invoices. *Id*.

Moreover, even assuming certain evidence (i.e., Ms. Boemmels' testimony) indicated that Petitioner "funded" relevant invoices at some point, other evidence, including "Corning Inc.'s receipt and review of relevant invoices (Ex. 1088 ¶ 5), as well as initial payment by Corning Inc. (Ex. 2100, 6; Ex. 1104), still weigh[ed] in favor of finding Corning Inc. to be a real party-in-interest." Dec. 21. In addition,

other evidence, such as the engagement letter (Ex. 2101) from Corning Inc. to outside counsel regarding the proceedings, as well as evidence indicating the involvement of patent counsel Mr. Hulme and Mr. Vynalek, both employees of Corning Inc., further suggested that Corning Inc. not only had an opportunity to control, but actually exerted control, over the proceedings. Dec. 8–10, 21–22.

Thus, we are not persuaded to reconsider and reverse our Decision based on Petitioner's assertion that we misapprehended evidence in relation to the "funding" of these proceedings.

C. Petitioner's Contentions Regarding Correction of its Petitions

Petitioner argues that, in the interests of justice, we should permit it to amend its Petitions, and maintain original Petition filing dates, in view of the asserted errors and misapprehension of evidence discussed above. Req. Reh'g. 12–13. In addition, Petitioner again cites the *Jiawei* decision, discussed above, stating that our Decision here directly conflicts with that decision, and "creates great uncertainty about what parties should be named as RPI." *Id*. at 13–14. For the reasons discussed above, such arguments do not persuade us to reconsider and reverse our Decision.

Petitioner further argues that we abused our discretion "by failing to weigh and articulate any relevant factors in deciding that there is no 'good cause' to permit Petitioner to amend" its Petitions regarding RPIs. *Id*. at 12, 14–15 (citing Dec. 25). Petitioner contends that we

> improperly overlooked: (1) Petitioner's good faith response to the [Trial Practice Guide] requirements, in the absence of the guidance from later RPI decisions, at the time of filing; (2) no evidence of any bad faith, effort to avoid statutory bars or estoppel, or similar tactic by Petitioner; and (3) the Board's own, simultaneous finding of 'good cause' to allow Patent Owner to belatedly raise the RPI issue.

Id. at 14–15 (citations omitted). Petitioner also argues that even if we "were to disagree with *Jiawei* and every legal and evidentiary point above, [we] would still clearly have, and should use, the discretion to avoid this patent injustice by granting the requested leave to amend." *Id*. at 15.

As an initial matter, we note that Petitioner did not request authorization to correct its Petitions in these cases, even after we authorized Patent Owner to file a Motion to Dismiss during trial in an Order dated March 27, 2015 (Paper 41). Instead, in its Opposition to Patent Owner's Motion to Dismiss, Petitioner argued that: (1) a failure to name all RPIs did not necessitate dismissal of the Petitions; (2) 35 U.S.C. § 312(a) and our rules did not require that Petitions list all RPIs to obtain a filing date; and (3) our rules did not require rescinding the Petitions filing dates. Opp. 19–25. In this capacity, Petitioner also suggested that "[e]ven if the Board finds that a non-named party is an RPI, Petitioner should be permitted to amend its Petition and retain its filing date." *Id*. at 1, 22, 23 (stating that the "proper course of conduct is to permit Petitioner to amend its Petition if the Board finds that a non-named party is an RPI"), 25.

Thus, "[a]t best, and only after institution of trial, Petitioner has *suggested* that correction of the Petition is a potential remedy—without actively and affirmatively seeking authorization to make such a correction and while simultaneously resisting acknowledging that [Corning Inc. or Corning NC] is a real party in interest." *Atlanta Gas Light Co. v. Bennett Regulator Guards, Inc.*, Case IPR2013-00453, slip op. at 14 (PTAB Jan. 6, 2015) (Paper 88); Opp. 1, 22, 23, 25. Petitioner, therefore, "has failed to take the necessary steps to put the merits of its position squarely before us." *Atlanta Gas*, Case IPR2013-00453, slip op. at 14 (Paper 88).

In any event, as discussed in our Decision, we are not persuaded that sufficient "good cause" exists to waive our rules to allow correction of the RPIs identified in the Petitions without a loss of original filing dates. Dec. 24–25 (citing *Reflectix, Inc. v. Promethean Insulation Tech. LLC*, Case IPR2015-00039, slip op. at 13–18 (PTAB April 24, 2015) (Paper 18)). Petitioner's incorrect determination of RPIs in its Petition, as argued in its Opposition to Patent Owner's Motion to Dismiss and its Request now, "did not arise out of some mistake of fact." *Reflectix*, Case IPR2015-00039, slip. op at 14 (Paper 18). Rather, Petitioner asserted that it "designated itself as the only RPI in good faith at the time the Petitions were filed, based on the guidance in the [Trial Practice Guide] before the Board's RPI decisions cited in the Decision even existed." Req. Reh'g. 12, 14–15. In other words, Petitioner "misunderstood the law as it applies to the RPI determination." *Reflectix*, Case IPR2015-00039, slip. op at 14 (Paper 18).

We agree with our colleagues in *Reflectix* that the Trial Practice Guide provides notable guidance, "as it devotes over a page of the Federal Register to discussing RPI and privity, and cites to precedent including the Supreme Court decision in *Taylor v. Sturgell*." *Id*. at 14–15 (citing 77 Fed. Reg. at 48,759 (citing 553 U.S. 880 (2008)). Furthermore, a number of relevant Board decisions concerning RPI had issued by March 2, 2015, when we authorized Patent Owner to file its Motion for Additional Discovery regarding whether Corning Inc. and Corning NC should have been listed as RPIs. Paper 31. Petitioner did not request authorization to correct its Petitions thereafter, but instead suggested the possibility of correction in its Opposition to Patent Owner's Motion to Dismiss. Opp. 1, 22, 23, 25. Our determination that Petitioner's Motion to Dismiss was timely did not undercut the significance of Petitioner's actions here. Req. Reh'g. 14–15.

We are not persuaded, given the facts of this case, that Petitioner's failure to name all RPIs in its Petitions, and its failure to request authorization to correct its Petitions regarding RPIs during trial, constitute a type of "error" that warrants permitting correction at this stage, without altering filing dates of the Petitions, even assuming no evidence of bad faith by Petitioner exists. Req. Reh'g. 15, 14. In addition, regardless of whether Petitioner "erred" when preparing its Petitions, Petitioner continued to maintain strongly its position regarding RPIs, even after it had access to all facts and evidence before us when we issued our Decision, thereby indicating that its position was not an "error" on Petitioner's part, but rather a strategic position.

As stated in 35 U.S.C. § 312(a)(2) (emphasis added), a petition for *inter partes* review "may be considered *only if*— . . . the petition identifies all real parties in interest." In view of Petitioner's actions here, we are not persuaded that we abused our discretion in determining the appropriate remedy here was to grant Patent Owner's Motions to Dismiss, terminate the instant proceedings, and vacate our Decisions on Institution.

III. CONCLUSION

We *deny* Petitioner's Request for Rehearing.

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