Trials@uspto.gov
571-272-7822

Paper No. 13
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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

HTC CORPORATION and HTC AMERICA, INC.,
Petitioner,

v.

FLASHPOINT TECHNOLOGY, INC.,
Patent Owner.

Case IP2014-00903
Patent 5,986,701

Before JAMES T. MOORE, PATRICK R. SCANLON, and STACEY G. WHITE, *Administrative Patent Judges*

MOORE, *Administrative Patent Judge*

DECISION ON REQUEST FOR REHEARING
37 C.F.R. § 42.71(d)

I. INTRODUCTION

HTC Corporation and HTC America, Inc. (collectively "Petitioner") filed a Petition to institute an *inter partes* review of claims 1–21 of U.S. Patent No. 5,986,701 (Ex. 1001, "the '701 patent"). Paper 1 ("Pet."). The

Petition was granted, as to all claims, but not as to all grounds. Decision on Institution, Paper 7 ("Dec.").

On December 22, 2014, Petitioner filed a Request for Rehearing (Paper 9, "Req. Reh'g.") of the decision on institution.

Petitioner raises five grounds in its arguments soliciting reconsideration. They are:

> A. 35 U.S.C. § 314(a) does not provide statutory authority for the Board's decision.
>
> B. The application of 37 C.F.R. § 42.108(b) in this proceeding was an abuse of discretion.
>
> C. The estoppel effects of an *inter partes* review petition mandate full consideration of all presented grounds.
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> D. 35 U.S.C. § 315(d) suggests that multiple grounds of rejection should be substantively evaluated.
>
> E. It would be premature for the Board to suggest that Grounds 3 and 7-13 are redundant or duplicative without the trial.

Req. Reh'g at i.

II. STANDARD OF REVIEW

In a request for rehearing, the dissatisfied party must identify, specifically, all matters the party believes the Board misapprehended or overlooked, and the place where each matter was addressed previously. 37 C.F.R. § 42.71(d). Upon a request for rehearing, the decision on a petition will be reviewed for an abuse of discretion. 37 C.F.R. § 42.71(c).

III. ANALYSIS

A. Statutory Authority for the Board's discretionary action

In the Decision on Institution, the Board granted Petitioner's request to institute an *inter partes* review of all of the challenged claims of the '701 patent on five grounds. In rendering the Decision on Institution, the Board exercised its discretion in denying three other asserted grounds. Dec. 30. To us, it is evident that if we were to institute all eight of these asserted grounds, even though some of these grounds —to some extent— may overlap, it would serve to add expense to the parties in briefing, and temporal delay to the Board rendering a decision. We exercised our discretion in allowing certain grounds to proceed by controlling scope of the proceeding and instituting review of five grounds, while addressing all of the challenged claims.

Petitioner focuses its arguments on the language of 35 U.S.C. § 314(a) and concludes that as our discretion is not recited explicitly therein, error exists, and as a consequence we abused our discretion. Req. Reh'g 4–6. On pages 4– 5 of its Request, Petitioner specifically points us to 35 U.S.C. § 316(a)(2) as laying the foundation for setting standards for sufficient grounds, but not supporting our discretion.

First, it is a long standing part of jurisprudence that the tribunal has discretion in the conduct of its proceedings. We, however, direct Petitioner's attention to 35 U.S.C. § 316(b), which provides our rules are to take into account the "regulation on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings."

Board trial rule 108 provides that the Board may "deny some or all grounds for unpatentability for some or all of the challenged claims." 37 C.F.R. § 42.108(b).

Petitioner's position does not consider that the Board is charged with securing the just, speedy, and inexpensive resolution of every proceeding. 37 C.F.R. § 42.1(b). Trials are no exception; 37 C.F.R. § 42.100(c) requires us to administer proceedings such that the final written determination in an *inter partes* review be issued one year after the date of institution, except that the review may be extended by not more than six months for good cause shown. Our decision to proceed on a streamlined grouping of grounds, as opposed to all eight, yet encompassing all claims, is a meaningful exercise of that discretion in administering the proceeding. That our decision referenced a related portion of our enabling statute as well as the precise Board rule on point, is not error or an abuse of discretion.

B. Regulatory Authority for the Board's Discretionary Action

Petitioner states that "[t]he application of the rule to the circumstances of this petition is an abuse of discretion. There is no statutory authority that supports an interpretation of 37 C.F.R. § 42.108 that would allow the Board to arbitrarily deny additional grounds of rejection, without substantive analysis, if a trial has been instituted on all challenged claims on one ground of rejection presented in the same petition." Req.Reh'g. 6.

We respectfully disagree. The Board may exercise its sound discretion in administering its trial proceedings, and as noted above, our rules were promulgated with the statutory framework in mind of completion within a year. There was no arbitrary denial; the Board carefully reviewed each proposed ground and elected to proceed on those which addressed all

the claims efficiently. To be required to address every overlapping grounds in every petition without the exercise of judicial use of discretion would impact not only the ability of the Board to accomplish the directive of rendering a final decision in one year, but also the overall costs of the proceedings for the parties, including patent owners, seriously.

C. Estoppel Concerns

Petitioner notes that there may be estoppel under 35 U.S.C. § 315(e)(2) and as such, those grounds not instituted deprive Petitioner of the opportunity to raise those grounds in federal court once a final written decision is issued. Req. Reh'g 7-9.

The question of estoppel is premature at this point. Petitioner has not established the underlying conditions precedent with any persuasive evidence or argument that the Petitioner will be estopped ultimately. Presently, the trial is moving forward on all claims with the Petitioner having carried the initial burden on institution. Moreover, estoppel is but one of the many issues to be considered in litigation strategy, and we do not presume to make one factor so heavily weighted so as intrude into the province of counsel in making decisions as to how to proceed.

Petitioner makes a final argument sounding in constitutional law. Petitioner urges that "[t]he Board's decision to deny substantive consideration of Grounds 6-8 violates Petitioners' due process rights to have full consideration of all grounds presented in their petition." Req. Reh'g. 9. We are not pointed to any jurisprudence on this conclusory statement.

We disagree with the conclusion that Petitioner is being deprived of due process rights. Placing reasonable limits upon the trial in order to have the proceedings move forward less expensively and more efficiently does

not equate to a denial of a due process right. Indeed, in its current posture, Petitioner could obtain the complete relief it seeks.

D. Requirement to Evaluate Multiple Proposed Grounds

Petitioner urges that "under 35 U.S.C. § 315(d), Petitioners could have filed multiple *inter partes* review petitions, with each petition containing one ground of rejection, to have caused the Board to evaluate the substance of all proposed grounds of rejection." Req. Reh'g 10. Therefore, it concludes that "it is an abuse of discretion for the Board not to substantively consider all grounds of rejection presented by Petitioners, merely because Petitioners could efficiently present these grounds in a single petition." *Id*.

Petitioner misapprehends the scope of 35 U.S.C. § 315(d). This statute permits the Director to exercise discretion in a proceeding where there are multiple proceedings, taking any appropriate action to manage this multiplicity of proceedings, up to and including "termination of any such matter or proceeding." The rules and statues work together to promote efficiency. There is no requirement that we address the patentability of the same claims multiple times. This is especially true in this situation where we have determined that it would be inefficient to go forward with all of the grounds advocated in the Petition.

E. Non Instituted Grounds 6–8

The Petitioner urges us not to conclude that grounds 6–8 are redundant or duplicative at this stage in the proceeding. Req. Reh'g 11. Petitioner urges that there may be a different technical teaching which may become important. *Id.* at 12. Accordingly, Petitioner again urges that

refusing to consider all grounds is a deprivation of due process rights and an injury to Petitioner.

We offer no opinion as to whether the grounds are redundant or duplicative, or whether any future estoppel will attach.

While we understand Petitioner's point of view, it made a litigation choice to file an *inter partes* review petition. Our rules, as promulgated, indicate that there is no requirement that all grounds be instituted, and our earlier decisions relying on those rules had been published before the Petition was filed in June of 2014.

We weigh the public interest in providing speedy resolution of the proceedings before the Board more heavily than the presently presented conclusory argument that the Petitioner potentially could be deprived of due process, especially under the facts and posture of the present proceeding.

IV. CONCLUSION

Petitioner has not demonstrated that the panel overlooked or misapprehended any issues or facts in its Decision to Institute. Accordingly, the Request for Rehearing is denied.

PETITIONER:

Bing Ai
John Schnurer
Kevin Patariu
PERKINS COIE LLP
Ai-ptab@perkinscoie.com
JSchnurer@perkinscoie.com
KPatariu@perkinscoie.com

PATENT OWNER:

Glenn E. Forbis
Matthew L. Cutler
HARNESS, DICKEY & PIERCE, PLC
gforbis@hdp.com
mcutler@hdp.com