

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

FACEBOOK, INC.,
Petitioner,

v.

WINDY CITY INNOVATIONS, LLC,
Patent Owner.

Case IPR2016-01067¹
Patent 8,407,356 B1

Before KARL D. EASTHOM, DAVID C. McKONE, and J. JOHN LEE,
Administrative Patent Judges.

LEE, *Administrative Patent Judge.*

DECISION
Request for Rehearing
37 C.F.R. § 42.71

¹ IPR2017-00624 has been joined with this proceeding.

INTRODUCTION

On June 3, 2016, Microsoft Corporation (“Microsoft”) filed a petition (Paper 2) in the present case seeking *inter partes* review of claims 1–37 of U.S. Patent No. 8,407,356 B1 (Ex. 1001, “the ’356 patent”). An *inter partes* review was instituted on claims 1–37 on December 8, 2016. Paper 10.

One month later, on January 7, 2017, Facebook, Inc. (“Facebook”) filed a petition in IPR2017-00624 (“624 IPR”) seeking *inter partes* review of claims 1–9, 12, 14–28, 31, and 33–37 of the ’356 patent. 624 IPR, Paper 2. Along with that petition, Facebook filed a motion requesting joinder with the present proceeding. 624 IPR, Paper 3. On April 17, 2017, Windy City filed a preliminary response in the 624 IPR. 624 IPR, Paper 7. Windy City did not, however, file an opposition to Facebook’s joinder motion or argue that joinder with the present proceeding would be inappropriate if an *inter partes* review was instituted on Facebook’s petition.

While Facebook’s petition and joinder motion were pending, Microsoft and Patent Owner Windy City Innovations, LLC (“Windy City”) reached a settlement agreement and filed a Joint Motion to Terminate the present proceeding on April 24, 2017. Paper 30. The Joint Motion did not mention Facebook’s joinder motion or the 624 IPR.

In a May 10, 2017, decision, we granted the Joint Motion to Terminate in the present proceeding, but only with respect to Microsoft. Paper 32 (“1st Term. Dec.”). Noting Facebook’s pending joinder motion, we did not decide at that time whether to grant the motion with respect to the entire proceeding, indicating we would do so after deciding whether Facebook would be joined as a party to this proceeding. *Id.* at 2–3.

On May 31, 2017, we granted Facebook’s joinder motion. Paper 33 (“Joinder Inst. Dec.”). We noted that Facebook challenged claims 1–9, 12, 14–28, 31, and 33–37 of the ’356 patent on the same asserted grounds of unpatentability, based on the same arguments and evidence, as in Microsoft’s petition with respect to those claims in the present proceeding. *Id.* at 3, 8. Further, we clarified that, after joinder, Facebook is “the petitioner” in this proceeding for purposes of 35 U.S.C. § 318(a), which in relevant part requires the Board to “issue a final written decision with respect to the patentability of any patent claim challenged by *the petitioner*” (emphasis added). *Id.* at 9. Thus, we made clear that all claims formerly challenged by Microsoft prior to its termination, but which were not challenged by Facebook, were no longer part of this proceeding. *Id.*

After joining Facebook as a party to the present proceeding, we issued a second decision on June 7, 2017, to address the remaining issues with the Joint Motion to Terminate. Paper 34 (“2nd Term. Dec.”). In that decision, we denied the Joint Motion to Terminate with respect to Windy City because Facebook remained as an active petitioner. *Id.* at 2–3. On June 14, 2017, Windy City filed a Request for Rehearing. Paper 40 (“Req. Reh’g”).

DISCUSSION

A party requesting rehearing bears the burden of showing the decision should be modified. 37 C.F.R. § 42.71(d). The party must identify all matters it contends were misapprehended or overlooked by the Board. *Id.* Windy City requests rehearing of two decisions, each of which it contends was an abuse of discretion. First, Windy City contends our decision to terminate as to Microsoft, but not as to the entire proceeding, exceeded our

statutory authority. Req. Reh’g 6–9. Second, Windy City contends we exceeded our statutory authority by joining Facebook to this proceeding despite that Facebook challenges only a portion of the claims originally challenged by Microsoft. *Id.* at 9–12. As explained below, neither contention is supported by the relevant authorities, and the Request for Rehearing is *denied*.

A. *Termination As To Microsoft But Not As To Entire Proceeding*

As an initial matter, our decision to terminate as to Microsoft but not as to the entire proceeding was entered on May 10, 2017. *See* 1st Term. Dec. Windy City’s Request for Rehearing was not filed until June 14, 2017. *See* Req. Reh’g. Thus, with respect to this termination decision, Windy City’s Request was not timely filed. *See* 37 C.F.R. § 42.71(d)(1). For that reason alone, the Request for Rehearing should be denied as to this issue.

Moreover, even had the Request been timely filed, Windy City’s arguments fail to establish that our decision was improper. It argues that our decision exceeded our statutory authority under 35 U.S.C. § 317(a). Req. Reh’g 6–9. Section 317(a) states the following:

An inter partes review instituted under this chapter shall be terminated with respect to any petitioner upon the joint request of the petitioner and the patent owner, unless the Office has decided the merits of the proceeding before the request for termination is filed. . . . If no petitioner remains in the inter partes review, the Office may terminate the review or proceed to a final written decision under section 318(a).

Pursuant to the statute, we “terminated [the *inter partes* review] with respect to any petitioner upon the joint request of the petitioner and the patent owner” by granting the Joint Motion to Terminate as to Microsoft. *See*

35 U.S.C. § 317(a); 1st Term. Dec. 2. Windy City does not contest that aspect of our decision. Rather, it argues our decision failed to follow the portion of § 317(a) that states, “[i]f no petitioner remains in the inter partes review, the Office may terminate the review or proceed to a final written decision.” Req. Reh’g 6–8.

According to Windy City, once Microsoft was terminated, the Board was obligated to either terminate the entire review or proceed to a final written decision. *Id.* Indisputably, we did not terminate the entire review. Thus, Windy City contends the only other permissible option was to proceed to a final written decision. *Id.* Windy City asserts that our decision to hold in abeyance our ruling as to whether the entire proceeding should be terminated (until after deciding Facebook’s joinder motion) constituted a “suspension of the [*inter partes*] review,” which exceeded our authority under § 317(a) because the Board was obligated instead to “proceed to a final written decision.” *Id.*

Windy City misconstrues the statute and our decision. First, the statute does not mandate that the Board either terminate the entire review or proceed to a final written decision. Rather, it states explicitly that the Board “may” do so. In contrast, as noted above, the same statutory provision states that an *inter partes* review “shall” be terminated with respect to a petitioner upon a joint request. We further note that when, as here, there are multiple cases before the Board involving the same patent, the Board is explicitly granted discretion to “enter any appropriate order,” including “the stay, transfer, consolidation, or termination” of such cases. *See* 37 C.F.R. § 42.122(a); *see also* 35 U.S.C. § 315(d) (granting discretion to “determine the manner in which the inter partes review or other proceeding or matter

may proceed”). Consistent with this statutory framework, we considered Facebook’s pending petition challenging the same patent and motion for joinder with this proceeding, and concluded that we would first decide Facebook’s joinder motion (which was filed before the motion to terminate) before deciding whether to terminate the entire proceeding. 1st Term. Dec. 2–3; *see also* 37 C.F.R. § 42.71(a) (providing that “[t]he Board may take up petitions or motions for decisions in any order”).

Second, Windy City is incorrect that “proceed[ing] to a final written decision” under § 317(a) precludes our decision here. Windy City appears to argue that once Microsoft was terminated, “proceed to a final written decision” meant that the Board should have proceeded *immediately* to issue a final written decision. *See* Req. Reh’g 7–8. In particular, Windy City argues that our decision incorrectly indicated the Board could “proceed with the trial” because doing so is inconsistent with “proceed[ing] to a final written decision” under § 317(a). *See id.* Section 317(a), however, does not specify when the final written decision should issue, much less require it to be issued immediately without further trial.² The applicable deadline for the final written decision remains one year from institution, as specified in 35 U.S.C. § 316(a)(11) and 37 C.F.R. § 42.100(c). Thus, our decision to proceed with the trial without immediately issuing a final written decision was consistent with the applicable statutory provisions and regulations.

Third, Windy City is mistaken that our decision “suspend[ed] indefinitely” this *inter partes* review. *See* Req. Reh’g 6–7; *see also id.* at 9

² We note that Windy City’s interpretation of the statute could conflict with other statutory provisions. For example, proceeding immediately to issue a final written decision could circumvent patent owners’ rights to an oral hearing under 35 U.S.C. § 316(a)(10).

(“[T]he Board had no statutory authority to suspend [this proceeding] without a petitioner for three weeks . . .”). To the contrary, our decision made clear that trial was to proceed. 1st Term. Dec. 3. Our decision did not state that the review was suspended, nor did it alter the case schedule in any way.³ As explained above, proceeding with trial was consistent with § 317(a). It also was consistent with 37 C.F.R. § 42.74(a), contrary to Windy City’s arguments. See Req. Reh’g 8–9. Rule 42.74(a) provides that “the Board is not a party to the settlement and may independently determine any question of jurisdiction, patentability, or Office practice.” As explained in our decision (1st Term. Dec. 3), this provision indicates that the Board has the authority to proceed with the trial—i.e., “independently determine . . . patentability”—even when the petitioner has exited the case due to settlement. See, e.g., *Blackberry Corp. v. MobileMedia Ideas LLC*, Case IPR2013-00016, slip op. at 2–3 (PTAB Dec. 11, 2013) (Paper 31) (granting termination as to all petitioners, but denying termination of the *inter partes* review and instead proceeding without a petitioner).

For the reasons explained above, our decision on May 10, 2017, to terminate as to Microsoft, but not the entire proceeding, was consistent with the applicable statutory provisions and Board rules. Thus, Windy City has not established that we misapprehended the law, or that our decision should be modified. Moreover, the Request for Rehearing with respect to this decision was not timely filed.

³ The only changes to the case schedule since our decision on the Joint Motion to Terminate were either jointly stipulated by the parties, including Windy City (Paper 38), or requested by Windy City (Paper 43).

B. Joinder of Facebook

Windy City contends our decision granting Facebook’s joinder motion was an abuse of discretion because 35 U.S.C. § 315(c) does not “provide authority or discretion to join a party to a **portion** of an *inter partes* review.” Req. Reh’g 10. As noted above, however, Windy City did not oppose Facebook’s joinder motion. Despite having an opportunity to file an opposition, Windy City did not do so, nor did it otherwise present any arguments that granting joinder would be improper under § 315(c). We could not have misapprehended or overlooked an argument that was never made. *See* 37 C.F.R. § 42.71(d). A request for rehearing cannot be used to advance new arguments not previously presented, and Windy City has waived this argument as a result. *See, e.g., Sophos, Inc. v. Finjan, Inc.*, Case IPR2015-01022, slip op. at 5, 7–10 (PTAB Jan. 28, 2016) (Paper 9) (denying a request for rehearing because the arguments had not been previously made).

Even were we to consider Windy City’s untimely argument, however, Windy City does not demonstrate that our decision was an abuse of discretion or inconsistent with applicable law. Section 315(c) states in relevant part, “the Director, in his or her discretion, may join as a party [to an instituted *inter partes* review] . . . any person who properly files a petition under section 311 that the Director . . . determines warrants the institution of an *inter partes* review.” *See also* 37 C.F.R. § 42.122 (delegating the Director’s authority over requests for joinder to the Board).

According to Windy City, § 315(c) does not “provide authority or discretion” to join a party that challenges fewer than all of the claims challenged by the original petitioner(s). *See* Req. Reh’g 10. Indeed, Windy

City argues that joinder is only permissible in two scenarios: (1) “joining a party with an ‘identical petition’ to an instituted review in full,” and (2) “allowing a party to present additional validity challenges.” *Id.* at 10–11. Windy City’s position, however, is not supported by the relevant authorities.

First, § 315(c) does not recite any limitations on the challenges presented by the party seeking joinder. To the contrary, § 315(c) states that “any person who properly files a petition under section 311” may be joined, requiring only that the petition “warrants the institution of an inter partes review.” The statute does not address the specifics of challenged claims, asserted grounds of unpatentability, evidence relied upon, etc. Rather, such considerations are left to the Director’s “discretion” (and, thus, the Board’s discretion by delegation). 35 U.S.C. § 315(c) (stating “the Director, in his or her discretion, may join”); 37 C.F.R. § 42.122. Thus, far from failing to provide authority or discretion (Req. Reh’g 10), § 315(c) expressly provides for such discretion.

Second, Windy City’s argument that joinder is only permissible in “two scenarios” is not supported by any cited authority. *See* Req. Reh’g 10–11. Windy City relies on the following statement in the legislative history of the Leahy-Smith America Invents Act:

Sections 315(c) and 325(c) allow joinder of inter partes and post-grant reviews. The Office anticipates that joinder will be allowed as of right—if an inter partes review is instituted on the basis of a petition, for example, a party that files an identical petition will be joined to that proceeding, and thus allowed to file its own briefs and make its own arguments. If a party seeking joinder also presents additional challenges to validity that satisfy the threshold for instituting a proceeding, the Office will either join that party and its new arguments to the existing proceeding, or institute a second proceeding for the patent. The

Director is given discretion, however, over whether to allow joinder.

157 Cong. Rec. S1376 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl).⁴ Although the above statement mentions, “for example,” a circumstance where “a party that files an identical petition” or “presents additional challenges to validity” (*id.*), Windy City does not identify any statement in the legislative history—or, indeed, any other authority—indicating that these examples are the *only* scenarios in which joinder is permissible. Moreover, to the extent that it provides guidance in understanding § 315(c), the above statement refutes Windy City’s contention that the Board lacks discretion with regard to joinder. *Id.* (“The Director is given discretion, however, over whether to allow joinder.”)

Finally, the two cases cited by Windy City also do not support its arguments. First, Windy City cites *ZTE Corporation v. Adaptix, Inc.*, Case IPR2015-01184, slip op. 4–7 (PTAB July 24, 2015) (Paper 10), noting that the panel denied joinder in that case “even when an otherwise identical petition was filed merely because the parties relied on a different expert.” Req. Reh’g 11–12. The decision in *ZTE* did not, however, hold that the Board lacks discretion over joinder or that joinder is impermissible per se if the joinder petition is not identical. Rather, the panel in *ZTE* weighed multiple factors, including that joinder in that case would have required the patent owner to depose multiple experts and would have raised “new issues” for the patent owner to address. *ZTE*, slip op. at 4–5. In fact, the panel in *ZTE* recognized that “the decision to grant joinder is discretionary.” *Id.* at 6. We note that Windy City does not identify in its Request for Rehearing any

⁴ Windy City filed a copy of this legislative history, but it was misnumbered as Exhibit 2015. Windy City may refile it as Exhibit 2017.

error in our determination that joinder with the present case would not involve any new evidence, or raise new issues or arguments. *See* Joinder Inst. Dec. 8.

Windy City also relies on *Dell Inc. v. Electronics and Telecommunications Research Institute*, Case IPR2015-00549, slip op. 7–8 (PTAB Mar. 26, 2015) (Paper 10) (representative). Req. Reh’g 12. The facts of *Dell*, however, are very different from those of the present case. In *Dell*, the petitioners sought joinder with an earlier-instituted *inter partes* review, IPR2014-00901, and challenged the same claims on the same grounds. *Id.* at 2–3. The panel held that the petitioners were estopped under 35 U.S.C. § 315(e)(1) from challenging all but two of the challenged claims based on a third, still-earlier *inter partes* review, IPR2013-00635, in which the Board had issued a final written decision. *Id.* at 4–6. Although the petitioners were not estopped from challenging the two remaining claims, the panel determined that joinder would “unnecessarily complicate” the earlier proceeding, which already had been subject to joinder and already had two petitioners, by adding new petitioners challenging a different set of claims than the existing petitioners (i.e., a subset), thereby imposing additional burdens on the patent owner. *Id.* at 7–8. Unlike *Dell*, the 624 IPR did not have an existing petitioner challenging a different set of claims because Microsoft had been terminated from the case, and joinder did not impose additional burdens on Windy City to respond to multiple petitioners with different challenges. Moreover, the panel in *Dell* made clear that its denial of joinder was an exercise of *discretion* based on the facts and circumstances of that case. *Id.* at 7–8. Thus, Windy City’s assertions of

inconsistency with *Dell* are unfounded, and *Dell* does not support its arguments on rehearing.

For the reasons set forth above, we conclude that our decision to join Facebook to the present proceeding was consistent with applicable law. Moreover, Windy City presents arguments that were not previously made, which is improper for a rehearing request.

CONCLUSION

As explained above, Windy City has not identified any matter that we misapprehended or overlooked, nor has Windy City established that our decisions were improper under governing law or an abuse of discretion. *See* 37 C.F.R. § 42.71. Therefore, Windy City has not carried its burden to show that our decisions should be modified. *Id.*

ORDER

It is

ORDERED that Windy City's Request for Rehearing is *denied*.

IPR2016-01067
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