

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

FREEBIT AS,
Petitioner,

v.

BOSE CORPORATION,
Patent Owner.

Case IPR2017-01307
Patent 8,311,253 B2

Before KRISTEN L. DROESCH, BRYAN F. MOORE, and
JAMES B. ARPIN, *Administrative Patent Judges*.

ARPIN, *Administrative Patent Judge*.

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

I. BACKGROUND

On April 21, 2017, Freebit, AS (“Petitioner”) filed a Petition to institute *inter partes* review of claims 1–4, 6–9, 13, and 17 of U.S. Patent No. 8,311,253 B2 (Ex. 1001, “the ’253 patent”). Paper 2 (“Pet.”). In particular, Petitioner argues 1–4, 6–9, 13, and 17 of the ’253 patent are rendered obvious over the combined teachings of Sapiejewski (Ex. 1004) and those of Tan (Ex. 1005) or Howes (Ex. 1006), or both. Pet. 5, 23–92. Bose Corporation (“Patent Owner”) filed a Preliminary Response. Paper 6 (“Prelim. Resp.”). In its Preliminary Response, Patent Owner, contends that the named inventors conceived of and acted diligently actually to reduce the recited devices to practice before the effective date of Tan. Prelim Resp. 9–14; Ex. 2001. Further, Patent Owner contends that Petitioner’s proposed combination of the teachings of Sapiejewski and Howes is flawed. Prelim. Resp. 14–29.

On August 25, 2017, Petitioner submitted an e-mail request to file a Reply to Patent Owner’s Preliminary Response, “limited to [Patent Owner’s] attempt to antedate prior art reference Tan in light of a declaration, Ex. 2001, purporting to establish that the subject matter of the challenged claims was reduced to practice in May 2009.” IPR2017-01308, Ex. 3001. Petitioner conferred with Patent Owner, and Patent Owner indicated that it “will not oppose [Petitioner’s] request for a pre-institution reply to [Patent Owner’s] preliminary response, with the understand[ing] that the reply will be limited to 5-10 pages of attorney arguments regarding [Patent Owner’s] swear-behind of Tan, as you set forth in your e-mail and discussed on our call yesterday (8/23).” *Id.* We authorized Petitioner

to file a Reply to Patent Owner’s Preliminary Response, strictly limited to responding to Patent Owner’s arguments to antedate

Tan in light of a declaration, Ex. 2001, purporting to establish that the subject matter of the challenged claims was reduced to practice in May 2009. *See* 37 C.F.R. §§ 42.23(b) (“A reply may only respond to arguments raised in the corresponding . . . patent owner preliminary response”), 42.108(c).

Id. On September 1, 2017, Petitioner filed its Reply. Paper 7 (“Reply”). On November 14, 2017, after consideration of the entirety of the record, we denied institution of *inter partes* review of claims 1–4, 6–9, 13, and 17 of the ’253 patent. Paper 8, 34 (“Inst. Dec.”).

On December 14, 2017, Petitioner filed a Request for Rehearing (Paper 9, (“Reh’g Req.”)) of our Institution Decision, requesting reconsideration of our decision denying institution of *inter partes* review of claims 1–4, 6–9, 13, and 17 of the ’253 patent. Petitioner argues that (1) “the Board overlooked or misapprehended several points that were addressed in multiple places in the petition or in the supporting declaration of Petitioner’s expert witness” and (2) “the Board overlooked or misapprehended that Patent Owner suppressed or concealed its invention and therefore did not successfully antedate Tan.” Reh’g Req. 1–2. In particular, with regard to its first argument, Petitioner asserts that

the Board misapprehended or overlooked at least three significant points. First, the Board overlooked explicit support provided in Dr. Staab’s declaration, erroneously determining that his opinions were “conclusory.” The Board also misapprehended or overlooked independent teachings in the Howes reference detailing the problem known in the art and the appropriate solution. Finally, the Board overlooked relevant teachings in Sapiejewski and Howes regarding in-ear retention and the corresponding motivation that a [person of ordinary skill in the art] would have had to combine these references.

Id. at 2. Petitioner further argues that, “[e]ven assuming that Patent Owner had an actual reduction to practice (‘ARP’) in March 2009^[1] (which Patent Owner does not concede), the Board overlooked or misapprehended the fact that Patent Owner forfeited its rights to rely on that ARP by waiting too long to file its patent application.” *Id.* at 8.²

We have considered Petitioner’s Request for Rehearing, and, for the reasons set forth below, Petitioner’s Request is *denied*.

II. STANDARD OF REVIEW

37 C.F.R. § 42.71(d) provides that:

A party dissatisfied with a decision may file a request for rehearing, without prior authorization from the Board. The burden of showing a decision should be modified lies with the party challenging the decision. *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, opposition, or a reply.*

(Emphasis added.) See Office Trial Practice Guide, 77 Fed. Reg. 48756, 48768 (Aug. 14, 2012). 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

¹ Inst. Dec. 34 (“As we noted above, although Patent Owner mentions both March 26, 200[9] (Prelim. Resp. 8), and May 26, 2009 (*id.* at 1, 10), as the date of actual reduction to practice, it is clear from Mr. Annunziato’s testimony and supporting evidence, that actual reduction to practice occurred by May 26, 2009. Ex. 2001 ¶¶ 9, 11; see *id.*, Ex. A, 2.”).

² We note that Petitioner presented substantially identical arguments regarding Patent Owner’s antedating of Tan in its Request for Rehearing filed in IPR2017-01308 and in IPR2017-01309. See, e.g., IPR2017-01308, Paper 11. Our reasons for denying rehearing here regarding the antedating of Tan are substantially the same as the reasons presented in IPR2017-01308 and IPR2017-01309.

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).

III. DISCUSSION

A. *Combination of the Teachings of Sapiejewski and Howes*

As noted above, Petitioner argues three points that we allegedly overlooked or misapprehended. First, we allegedly overlooked support provided in Dr. Staab’s declaration, and, consequently, Petitioner argues that we erroneously determined that Dr. Staab’s testimony was “conclusory.” Reh’g Req. 2. Second, we allegedly misapprehended or overlooked independent teachings in Howes detailing the known, retention problem with in-ear earpieces and the appropriate solution. *Id.* Third, we allegedly overlooked relevant teachings in Sapiejewski and in Howes regarding in-ear retention and the corresponding motivation that a person of ordinary skill in the art would have had to combine the teachings of these references. *Id.* For the following reasons, we disagree.

Petitioner argues that Dr. Staab’s testimony is not conclusory, but, instead, is supported by evidence. *Id.* at 3. Petitioner, however, misunderstands our determination of the conclusory nature of Dr. Staab’s testimony.

Petitioner argues that:

As acknowledged in the [Institution Decision (“ID”)], Sapiejewski is directed to an **in-ear** earphone. (ID at 37.) In his declaration (Ex. 1003, ¶ 22), Dr. Staab cites to the Background of Howes (as well as Tan) to support his position that a [person of ordinary skill in the art] would have known that **in-ear**

earphones have a tendency to fall out of the concha of the user and were considered uncomfortable since the entire weight of the assembly was supported by a small portion of the ear. The petition cites to ¶ 22 of Dr. Staab's declaration at page 22.

Reh'g Req. 3 (emphasis provided by Petitioner).

Nevertheless, we did not question the sufficiency of Dr. Staab's testimony that there was a known, retention problem with in-ear earpieces as of the earliest priority date for challenged claims of the '253 patent. *See* Inst. Dec. 41 (citing Ex. 1003 ¶ 149). Nor did we question that Howes discusses that problem and teaches a possible solution to that problem. *See id.* at 37–39. The failure in Petitioner's argument and Petitioner's declarant's testimony was to draw the necessary link between the known problem and Howes's possible solution and the teachings of Sapiejewski. In order to link this problem and its possible solution to the teachings of Sapiejewski, Petitioner relies on Dr. Staab's testimony. *Id.* at 41. It is this testimony that we find unsupported and conclusory.

As we noted in our Institution Decision, Dr. Staab testifies that:

A [person of ordinary skill in the art] would have seen that the weight and overall size of the Sapiejewski earphone renders ineffectual the manner of coupling the acoustic elements of the earphone to the wearer's ear described in the reference, i.e., upper portion 802 of cushion 106 "shaped to make contact with" the tragus and antitragus. (Ex. 1004 at ¶ [0034]). *Very little would prevent Sapiejewski from falling out of the ear during normal use such as talking and chewing, let alone during any semi-rigorous activity.* But using a loop of resilient material in the general shape of the concha, as taught by Howes, would have been known to a POSITA for solving the problem.

Ex. 1003 ¶ 154 (emphasis added); *see* Inst. Dec. 42. Dr. Staab fails to explain how a person of ordinary skill in the art would have known "the weight and overall size of the Sapiejewski earphone" or that such weights

and sizes would create retention problems similar to those described by Howes. Petitioner offers no further explanation beyond its citation to Dr. Staab's testimony. *See* Pet. 22 ("However, in-ear earphones at the time showed a tendency to fall out of the user's concha and were deemed uncomfortable since the entire weight of the assembly was supported by a small portion of the ear."; citing Ex. 1003 ¶ 22).

Moreover, Petitioner acknowledges that:

Although Sapiejewski is silent as to a similar type of positioning and retaining structure for retaining cushion 106 against the physical structure of the wearer's ear, Sapiejewski is cognizant that some type of structure is necessary to provide this functionality by admitting that the "lower portion 110 [of the cushion 106] is not relied upon to provide retention of the earphone in the ear."

Pet. 34 (emphasis added, citing Ex. 1004 ¶ 34; Ex. 1003 ¶ 91); *see* Inst. Dec. 42. Dr. Staab further testifies that:

As previously mentioned, a [person of ordinary skill in the art] viewing Sapiejewski would immediately realize the problem with adequately retaining such an earphone in the ear: Cushion 106 is "designed to comfortably couple the acoustic elements of the earphone to the physical structure of the wearer's ear," but it does not use any part of the concha effectively for this purpose, and lower portion 110 of the cushion (which inserts into the ear canal) "is not relied upon to provide retention of the earphone in the ear." (Ex. 1004 at ¶ [0034]). Rather, the Sapiejewski earphone is only retained by upper portion 802 of the cushion being "shaped to make contact with the tragus 16 and anti-tragus 18 of the ear." (Id.)

Ex. 1003 ¶ 148 (emphasis added). Thus, neither Petitioner nor its declarant argues that Sapiejewski mentions the known, retention problem, but both Petitioner and its declarant argue that a person of ordinary skill in the art *could* have improved Sapiejewski by modifying its teachings in view of

those of Howes. *See* Inst. Dec. 46 (“Petitioner’s arguments amount to little more than the assertion that a person of ordinary skill in the art *could* have made modifications to the teachings of Sapiejewski in view of the teachings of Howes to achieve the earphone recited in the challenged claims, with guidance drawn from the ’253 patent.”).

Sapiejewski, however, does not teach the need for any such “improvement.” As we noted in the Institution Decision, Sapiejewski states that:

The cushion 106 is designed to comfortably couple the acoustic elements of the earphone to the physical structure of the wearer’s ear. As shown in FIGS. 8A-8D, the cushion 106 has an upper portion 802 shaped to make contact with the tragus 16 and antitragus 18 of the ear (see FIGS. 1 and 2A), and a lower portion 110 shaped to enter the ear canal 12, as mentioned above. In some examples, the lower portion 110 is shaped to fit within but not apply significant pressure on the flesh of the ear canal 12. The lower portion 110 is not relied upon to provide retention of the earphone in the ear, which allows it to seal to the ear canal with minimal pressure.

Ex. 1004 ¶ 34 (emphases added); *see* Inst. Dec. 43. Thus, neither Petitioner nor its declarant provides evidence that Sapiejewski suffered from the known problem, and there is evidence from Sapiejewski’s specification that its earphone did not suffer from this problem. Specifically, we determined that

neither Petitioner nor its declarant explains *why* a general need to secure an earpiece in an ear would lead to adding a positioning and retaining structure in the context of Sapiejewski’s teachings, when that function allegedly already is provided by the Sapiejewski device, besides seeking the benefits described in the ’253 patent – a reason tainted by hindsight.

Inst. Dec. 45–46 (citations omitted).

Consequently, we considered fully Petitioner’s arguments and Dr. Staab’s testimony, including any supporting evidence, in view of Sapiejewski’s disclosure. Based on this consideration, we agreed with Patent Owner that “Petitioner relies on a far too general reason to combine the references and engages in impermissible hindsight as to the particular combination of the teachings of Sapiejewski and Howes.” *Id.* at 45.

B. Antedating of Tan

1. Delay in Preparing Application

Petitioner argues that we overlooked or misapprehended that Patent Owner suppressed or concealed its invention by waiting for an unreasonably long period of time after the actual reduction of the invention to practice to file a patent application disclosing the invention. Reh’g Req. 8–9.

“Petitioner does not challenge the Board’s determination that ‘the period of the delay from actual reduction to practice to the filing of the provisional patent application [“the critical period”] was closer to fourteen months ... [than to the seventeen months that Freebit argued]’” (*id.* (quoting Inst. Dec. 33–34)), and Petitioner acknowledges that “[n]either the statute, the rules, nor any opinion of either the Federal Circuit or the Board sets a bright-line rule for how long is too long” (*id.* at 9). Petitioner argues, however, that the unexcused delay was unreasonably long. In particular, Petitioner argues that “whether the critical period at issue was too long has been decided on a case-by-case basis taking into account the complexity of the invention and the deciding entity’s assessment of how long it should have taken reasonably competent counsel to draft a patent application on the invention.” *Id.*

Petitioner argues that Patent Owner bore the burden of producing evidence of “*Peeler* diligence” (*id.* at 10 (citing *Peeler v. Miller*, 535 F.2d 647 (CCPA

1976)), such that we may assess the reasonableness of the delay, but failed to do so here.

Initially, we note that Petitioner did not raise these arguments anywhere in its Petition or its authorized Reply to Patent Owner's Preliminary Response. Not only did Petitioner fail to raise the issue of "*Peeler* diligence," but Petitioner's Request for Rehearing does not include a single citation to its Petition or to its Reply on this point. Thus, Petitioner's Request for Rehearing fails to identify the place where each matter that allegedly was overlooked or misapprehended was previously addressed in a motion, opposition, or a reply. 37 C.F.R. § 42.71(d). A request for rehearing is not an opportunity for the requestor to present new arguments or evidence. It goes without saying that we could not have overlooked or misapprehended arguments that Petitioner did not make, and it is not an abuse of discretion not to consider such arguments.

2. Delay to Perfect the Invention

In *Lutzker v. Plet*, our reviewing court agreed that "[a]n inference of suppression or concealment may be overcome with evidence that the reason for the delay was to perfect the invention." 843 F.2d 1364, 1367 (Fed. Cir. 1988); see Inst. Dec. 33. Nevertheless, the delay could not be excused (1) if "the delay is caused by working on refinements and improvements which are not reflected in the final patent application," or (2) if "the activities which caused the delay go to commercialization of the invention." *Lutzker*, 843 F.2d at 1367. In its Reply, Petitioner focused on the length of the delay between the actual reduction to practice and the filing of a patent application. Reply 3–4. Petitioner, however, made only cursory and

conclusory reference to Patent Owner’s activities³ between the actual reduction to practice and the filing of a patent application. See Reply 4 (“Moreover, Mr. Annunziato’s testimony (¶ 6) that his team put in hundreds (if not thousands) of hours trying out and testing different designs for ear interfaces is not credible.”). Petitioner now argues that “all the alleged work carried out by [Patent Owner] to complete the [printed circuit board] is irrelevant to the suppression/concealment issue because it was not reflected in the final patent application, and rather, was relevant simply for commercialization.” Reh’g Req. 12. We continue to disagree.

As we noted in the Decision on Institution, the challenged, independent claim recite an electronics module and an acoustic driver module. Inst. Dec. 36 (citing Ex. 1001, 11:11–16 (claim 1); *see also, e.g., id.* at 2:4–11 (describing the electronics module as including a microphone and the acoustics driver as transducing acoustic signal to acoustic energy)). The record shows that, although the works-like prototype satisfied the limitations recited in the challenged claims and worked for its intended purpose, the need for improvement remained, especially with respect to both microphone performance and audio performance. *Id.* at 35–36 (citing, e.g., Ex. 2001 ¶ 14, Ex. D, 2–3); *see* Inst. Dec. 35 n.12. Although Petitioner did not find Mr. Annunziato’s testimony credible, we found “Mr. Annunziato’s testimony corroborated, credible, and, ultimately, convincing.” *Id.* at 32.

³ On this record, we are persuaded that the activities of Mr. Annunziato and his team inure to the benefit of Patent Owner. Inst. Dec. 20 (“Moreover, Petitioner does not dispute that the actions discussed in Patent Owner’s declarant’s, Mr. Annunziato’s, declaration or the supporting exhibits inure to the benefit of the named inventors. *See NFC Tech., [LLC v. Matal]*, 871 F.3d 1367,] 1374 [(Fed. Cir. 2017)].”)

Thus, in view of the record, as a whole, we remain persuaded that the record contains sufficient evidence supporting Patent Owner's efforts to perfect the *claimed* invention. *Id.* at 33–36.

C. Conclusion

A request for rehearing is not merely the opportunity for the requester to reargue positions, elaborate on previous positions, or to disagree with the analysis or conclusions of the panel. *See Nestlé Purina Petcare Co. v. Oil-Dri Corp. of Amer.*, Case IPR2015-00737, slip op. at 8 (PTAB Feb. 9, 2017) (Paper 39)(“Merely disagreeing with our analysis or conclusions does not serve as a proper basis for a request for rehearing.”). Instead, the requester must identify previously-presented arguments and/or evidence that the panel overlooked or misapprehended or evidence of abuse of discretion by the panel. Petitioner fails to do so here.

IV. ORDER

Accordingly, it is hereby:

ORDERED that Petitioner's Request for Rehearing is *denied*.

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