

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

HENGDIAN GROUP DMEGC MAGNETICS CO., LTD.,
ZHEJIANG INNUOVO MAGNETICS CO., LTD., and
ZHEJIANG DONGYANG EAST MAGNETIC RARE EARTH CO., LTD.,
Petitioner,

v.

HITACHI METALS, LTD.,
Patent Owner.

Case IPR2017-01313
Patent 6,527,874 B2

Before JO-ANNE M. KOKOSKI, KRISTINA M. KALAN, and
CHRISTOPHER M. KAISER, *Administrative Patent Judges*.

KOKOSKI, *Administrative Patent Judge*.

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

I. INTRODUCTION

Hengdian Group DMEGC Magnetics Co., Ltd., Zhejiang Innuovo Magnetics Co., Ltd., and Zhejiang Dongyang East Magnetic Rare Earth Co., Ltd. (collectively, “Petitioner”) filed a Request for Rehearing (Paper 8, “Request” or “Req. Reh’g”) of our Decision (Paper 7, “Decision” or “Dec.”) denying institution of an *inter partes* review of claims 1–8 of U.S. Patent No. 6,527,874 B2 (Ex. 1001, “the ’874 patent”). In our Decision, we determined that the information presented in the Petition raised the same or substantially the same prior art or arguments as those previously presented to the Office, and we exercised our discretion pursuant to 35 U.S.C. § 325(d) not to institute an *inter partes* review of the ’874 patent on the grounds raised by Petitioner in this case. Dec. 15–17. In particular, we determined that the content of Uchida¹ (which forms the basis of all the challenges in the Petition) is the same or substantially the same as Uchida II,² and that Uchida II previously was considered by the Office with regards to the challenged claims. *Id.* at 10–13.

In its Request, Petitioner contends that: (1) the Board misapprehended or overlooked evidence when it declined institution under § 325(d) because “the Examiner failed to consider the numbers disclosed in Uchida II in terms of atomic percentages, which is what [the] ’874 patent claims” (Req. Reh’g 7–9, 12–14); and (2) the Board “overlooked the fact that the Petition modifies the explicit disclosures of Uchida with conversions provided in the Petition and Dr. Ormerod’s declaration” (*id.* at 10–12). We have reviewed

¹ European Patent Application No. EP 0 753 867 A1, published Jan. 15, 1997 (Ex. 1003).

² U.S. Patent No. 5,997,804, issued Dec. 7, 1999 (Ex. 2003).

Petitioner's Request and carefully considered Petitioner's arguments. For the reasons discussed below, we deny Petitioner's Request for Rehearing.

II. ANALYSIS

A request for rehearing must identify specifically all matters the party believes we misapprehended or overlooked, and the place where each matter was addressed previously in a motion, an opposition, or a reply. 37 C.F.R. § 42.71(d). Additionally, Petitioner, as the party challenging the Decision, has the burden of showing it should be modified. *Id.*

When rehearing a decision on a petition, the Board will review the decision for an abuse of discretion. *See* 37 C.F.R. § 42.71(c). An abuse of discretion may be determined “if a decision is based on an erroneous interpretation of law, if a factual finding is not supported by substantial evidence, or if the decision represents an unreasonable judgment in weighing relevant factors.” *Arnold P’ship v. Dudas*, 362 F.3d 1338, 1340 (Fed. Cir. 2004) (citing *In re Gartside*, 203 F.3d 1305, 1315–16 (Fed. Cir. 2000)).

As an initial matter, we note that Petitioner states that, for purposes of its Request, it “do[es] not argue Uchida and Uchida II are not materially the same.” Req. Reh’g 3. Because we have discretion to reject a petition if “the same or substantially the same prior art *or* arguments previously were presented to the Office,” *see* 35 U.S.C. § 325(d) (emphasis added), Petitioner has not established that we abused our discretion in denying the Petition. Given that Uchida (asserted here) and Uchida II (previously presented to the Office) are “materially the same,” substantially the same prior art was previously before the Office. Indeed, the presence of Uchida in the Petition and the materially-identical Uchida II in the prosecution history alone is a sufficient basis to exercise our discretion under Section 325(d).

Nevertheless, Petitioner contends that, because the Petition “provided arguments distinguishing the Examiner’s prior consideration of Uchida II and provided compelling reasons to institute review,” our Decision to exercise our discretion to deny the Petition was based on “a factual finding that is not supported by substantial evidence.” Req. Reh’g 6–7. In particular, Petitioner contends that “there was no evidence of record to show the Examiner considered Uchida II in terms of weight percentages” or that “Uchida II was considered in terms of atomic percentages.” *Id.* at 7. Petitioner also contends that, because Dr. Ormerod’s declaration includes calculations that convert the disclosures in Uchida from the disclosed weight percentages to the claimed atomic percentages, “the Petition presents Uchida in light of Dr. Ormerod’s declaration, which establishes that when the rare-earth alloy compounds of Uchida are converted to atomic percentages, they anticipate many claims.” *Id.* at 7–8. According to Petitioner, “[t]his conversion makes the Petitioner[’s] presentation of Uchida distinct and new.” *Id.* at 8.

“[I]n determining whether to exercise our discretionary authority under Section 325(d), the Office considers the relevance of any differences between the prior art and arguments presented in the petition and those that were “previously . . . presented to the Office,” and/or any errors allegedly made by the examiner with respect to the consideration of those previously presented prior art or arguments.” *Neil Ziegmann, N.P.Z., Inc. v. Carlis G. Stephens*, Case IPR2015-00860, slip. op. at 11 (PTAB Sept. 6, 2017) (Paper 13). Where, as here, a prior art reference presented in a petition was already considered substantively by the examiner, the petitioner has the

initial burden to identify any errors made by the examiner with respect to that reference. *Id.* at 10.

Although Petitioner contends that it provides in the Petition arguments distinguishing the Examiner's consideration of Uchida II, Petitioner's only citation to the Petition in support of this contention is to pages 14–18, which set forth Petitioner's arguments as to why Uchida discloses the “mole fractions x , y , z , and m respectively satisfy $2 \leq x \leq 28$ (atom %), $8 \leq y \leq 30$ (atom %), $0.1 \leq z < 1.0$ (atom %), $0 \leq m \leq 0.5$ (atom %)” limitation of claim 1. *See* Req. Reh'g 4–5, 7–8, 10–12. The cited pages do not, however, identify any errors made by the Examiner with respect to Uchida II, or otherwise distinguish the Examiner's prior consideration of Uchida II. Instead, Petitioner makes such arguments for the first time in its Request. A request for rehearing is not an opportunity to supplement a petition.

Petitioner also argues that “there is a genuine issue of material fact as to whether the Petition raises the same or substantially the same prior art and arguments as those previously considered by the Office, and whether the Examiner considered Uchida II in terms of atomic percentages.” Req. Reh'g 8. According to Petitioner, “[b]y not viewing the evidence of record in the light most favorable to Petitioner[], the Board has also committed legal error.” *Id.* at 8–9. Petitioner's argument, however, is based on a misapprehension of 37 C.F.R. § 42.108(c), which provides, in relevant part:

Inter partes review shall not be instituted for a ground of unpatentability unless the Board decides that the petition supporting the ground would demonstrate that there is a reasonable likelihood that at least one of the claims challenged in the petition is unpatentable. The Board's decision will take into account a patent owner preliminary response where such a response is filed, including any testimonial evidence, but a genuine issue of material fact created by such testimonial

evidence will be viewed in the light most favorable to the petitioner solely for purposes of deciding whether to institute an *inter partes* review.

Thus, it is only genuine issues of material fact created by testimonial evidence provided by the patent owner with its preliminary response that we must view “in the light most favorable to petitioner.” 37 C.F.R. § 42.108(c). Because Patent Owner did not provide testimonial evidence in this proceeding, there was no “genuine issue of material fact created by such testimonial evidence” that we failed to view in the light most favorable to Petitioner. Accordingly, Petitioner has not established that we abused our discretion on this basis.

Moreover, Petitioner’s assertion that the prosecution history “shows the Examiner failed to consider the numbers disclosed in Uchida II in terms of atomic percentages” is speculative, and appears to be premised on the assumption that the Examiner did not recognize the difference between the weight percentages disclosed in Uchida II and the atomic percentages claimed in the ’874 patent when considering Uchida II. See Req. Reh’g 1, 7–9. Petitioner presents no persuasive arguments or evidence to support that assumption. Our conclusion that the Examiner substantively considered Uchida II during the prosecution of the challenged claims (Dec. 12–13) is unaltered by Petitioner’s unpersuasive argument that the Examiner did not consider Uchida II in terms of atomic percentages.

III. CONCLUSION

We have reviewed all of the arguments in Petitioner’s Request and find them to be without merit. For the reasons given above, we conclude that Petitioner has not met its burden of showing an abuse of discretion, or that we misapprehended or overlooked any of Petitioner’s arguments or

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evidence, in exercising our discretion under 35 U.S.C. § 325(d) to deny institution.

IV. ORDER

Accordingly, it is

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

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