

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

HALLIBURTON ENERGY SERVICES, INC.,
Petitioner,

v.

SCHLUMBERGER TECHNOLOGY CORPORATION,
Patent Owner.

IPR2017-01574
IPR2017-01576¹
Patent 9,322,260 B2

Before PATRICK R. SCANLON, HYUN J. JUNG, and JAMES J.
MAYBERRY, *Administrative Patent Judges*.

MAYBERRY, *Administrative Patent Judge*.

DECISION
Denying Patent Owner's Requests for Rehearing
37 C.F.R. § 42.71

¹ We exercise our discretion to issue one decision to be entered in each case. The parties are not authorized to use a caption identifying multiple proceedings.

I. INTRODUCTION

Halliburton Energy Services, Inc. (“Halliburton” or “Petitioner”) filed Petitions to institute *inter partes* reviews of certain claims in U.S. Patent No. 9,322,260 B2 (the “’260 patent”). IPR2017-01574, Paper 2 (“’1574 Pet.”)²; IPR2017-01576, Paper 2 (“’1576 Pet.”)³. In our Decisions granting institution in these two proceedings, we determined that Halliburton had established a reasonable likelihood of prevailing at trial with respect to at least one of the claims challenged in each of six of the seven grounds asserted in the IPR2017-01574 Petition and with respect to at least one of the claims challenged in each of three of the four grounds asserted in the IPR2017-01576 Petition. *See* IPR2017-01574, Paper 37, 39 (“’1574 Decision” or “’1574 Dec. on Inst.”); IPR2017-01576, Paper 37, 38 (“’1576 Decision” or “’1576 Dec. on Inst.”). Patent Owner, Schlumberger Technology Corp. (“Schlumberger”), requests rehearing of these two Decisions. IPR2017-01574, Paper 42 (“’1574 Request” or “’1574 Req. Reh’g”); IPR2017-01576, Paper 42 (“’1576 Request” or “’1576 Req. Reh’g”).⁴ The two rehearing requests (collectively, “Requests”) put forth almost identical arguments, and we address the arguments for the two proceedings together. Generally, we cite to the ’1574 Request and, typically, the identical argument may be found at the same pinpoint citation in the ’1576 Request.

² The ’1574 Petition challenges claims 24–26 and 30–33 of the ’260 patent on seven (7) grounds. IPR2017-01574, Paper 2, 3–4.

³ The ’1576 Petition challenges claims 39–45 of the ’260 patent on four (4) grounds. IPR2017-01576, Paper 2, 3–4.

⁴ We cite to the public versions of the two rehearing requests.

Having considered Schlumberger's arguments, the Requests are denied for the reasons provided below.

II. STANDARD OF REVIEW

When considering a request for rehearing a decision instituting trial, the Board reviews its decision for an abuse of discretion. 37 C.F.R. § 42.71(c). An abuse of discretion may arise if the decision is based on an erroneous interpretation of law, if a factual finding is not supported by substantial evidence, or if an unreasonable judgment is made in weighing relevant factors. *Star Fruits S.N.C. v. U.S.*, 393 F.3d 1277, 1281 (Fed. Cir. 2005); *Arnold P'ship v. Dudas*, 362 F.3d 1338, 1340 (Fed. Cir. 2004); *In re Gartside*, 203 F.3d 1305, 1315–16 (Fed. Cir. 2000). We further note that 37 C.F.R. § 42.71(d) states:

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, an opposition, or a reply.

III. ANALYSIS

Schlumberger's Requests focus on alleged errors in our interpretation of 35 U.S.C. §§ 313 and 314, violation of due process, and policy concerns. '1574 Req. Reh'g 3–7. The statutes cited by Schlumberger state that “the patent owner shall have the right to file a preliminary response to the petition . . . that sets forth reasons why no inter partes review should be instituted based upon the failure of the petition to meet any requirement of this chapter” (35 U.S.C. § 313) and that trial cannot be instituted “unless the

Director determines that the information presented in the petition filed under section 311 and any response filed under section 313 shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition” (35 U.S.C. § 314(a)).

Schlumberger contends 35 U.S.C. §§ 313 and 314 “guarantee[] that Patent Owner has the right to a Preliminary Response that must be considered in full.” ’1574 Req. Reh’g 4; *see also id.* at 5 (“The Board *overlooked* that it was required to substantively consider the arguments put forth in Patent Owner’s Preliminary Response.”). Schlumberger, however, fails to explain persuasively, and we do not see support for its position in the statute, that 35 U.S.C. §§ 313 and 314 include such a *guarantee*.

As Schlumberger recognizes, 35 U.S.C. § 314(a) states that the Director may not authorize an *inter partes* review unless a petition demonstrates “that there is a reasonable likelihood that the petitioner would prevail *with respect to at least 1 of the claims challenged in the petition.*” 35 U.S.C. § 314(a) (emphasis added); *see* ’1574 Req. Reh’g 4. In our ’1574 Decision, we analyzed a representative claim for each of the seven grounds asserted in the ’1574 Petition. *See* ’1574 Dec. on Inst., 15–37. Similarly, in our ’1576 Decision, we analyzed a representative claim for each of the four grounds asserted in the ’1576 Petition. *See* ’1576 Dec. on Inst., 15–36. In its Requests, Schlumberger does not dispute that Halliburton has established a reasonable likelihood of prevailing at trial with respect to at least one of the claims challenged for each of the instituted grounds in each proceeding. Schlumberger fails to explain persuasively how the language of 35 U.S.C. §§ 313 and 314 *guarantees* more than an analysis of one claim in our

institution decision, given the plain reading of § 313 and § 314(a) or how we abused our discretion based on our interpretation of 35 U.S.C. § 313 and § 314(a).

Contrary to Patent Owner's assertions, our approach does not "lead[] to the nonsensical result of rendering preliminary responses meaningless." '1574 Reg. Reh'g 4. Each Decision considered arguments asserted by Schlumberger concerning the representative claims. Indeed, with respect to Ground 7 in the '1574 Decision and Ground 4 in the '1576 Decision, we addressed Schlumberger's arguments from its Preliminary Responses and found them persuasive as to those grounds and, accordingly, we did not institute trial on those grounds. See '1574 Decision, 35–37; '1576 Decision, 35–36. Schlumberger indicates that we must "*consider* Patent Owner's Preliminary Response in full." '1574 Reg. Reh'g 4; *see also id.* (emphasizing the "and any response" language of 35 U.S.C. § 314 to support its position). Schlumberger, however, does not explain persuasively how the phrase "and any response" requires us to consider the response *in full*. See *id.* at 5; *see also id.* (indicating, without further explanation, that the language in 37 C.F.R. § 42.108(c) that the "Board will take into account a patent owner preliminary response where such a response is filed" supports Schlumberger's position that we must consider the response in full). With respect to a patent owner preliminary response, the phrase "in full" does not appear in 35 U.S.C. § 314 or 37 C.F.R. § 42.108(c). The statute requires us, as the Director's designee, to consider a preliminary response in reaching our institution decision. We did that in these two proceedings.

Schlumberger also asserts that the purpose of a preliminary response is for a patent owner to set forth reasons why trial should not be instituted for some or all claims, streamlining trial. '1574 Req. Reh'g 5–6.

Schlumberger continues that this streamlining is what “leads to a just, speedy, and inexpensive resolution of the proceeding.” *Id.* at 6.

Schlumberger argues that the Board's not considering a preliminary response in full lessens the incentive to a patent owner to file such a response. Schlumberger concludes that, as a matter of policy, we should consider a preliminary response in full. Schlumberger fails to explain adequately, however, how our approach, even if contrary to the policy Schlumberger champions here, abused our discretion.

We are also unpersuaded by Schlumberger's arguments that we somehow “violate[d] . . . due-process guarantees by instituting this proceeding without performing a meaningful analysis of Patent Owner's substantive arguments” and “failed to provide Patent Owner with notice of the facts and arguments that support the[] decision to institute trial.” '1574 Req. Reh'g 7. As noted above, Schlumberger does not dispute that Halliburton has established a reasonable likelihood of prevailing at trial with respect to the representative claims for each ground on which trial was instituted. Also, Schlumberger does not assert that our Decisions failed to address any of its arguments directed to those representative claims. Schlumberger has an opportunity to be heard with respect to other instituted claims (and, indeed, the claims expressly addressed in the Decisions) in its Patent Owner Responses in these two proceedings. Our not addressing arguments directed to claim 26 in IPR2017-01574 or claim 41 in IPR2017-

01576 does not deprive Schlumberger from making the same (or different) arguments with respect to these two claims in the respective Patent Owner Responses. Further, as to “notice of the facts and arguments” with respect to claim 26 in IPR2017-01574 or claim 41 in IPR2017-01576, the Petitions and supporting evidence in these proceedings provide Schlumberger with the requisite notice as to these claims.

Schlumberger also asserts that the merits of its arguments as to claim 26 in IPR2017-01574 or claim 41 in IPR2017-01576 allow the dispositive issues with respect to these claims to be easily resolved. See ’1574 Req. Reh’g 7–8; ’1576 Req. Reh’g 7–8. Even if these assertions are true, Schlumberger fails to explain persuasively why not reaching these issues in our Decisions was an abuse of our discretion.

We considered Schlumberger’s Preliminary Responses and determined Halliburton had established a reasonable likelihood of prevailing with respect to at least 1 of the claims challenged for grounds asserted in the Petitions and instituted trial on those grounds. It is within our discretion to institute trial on all claims challenged in those grounds once Halliburton made that threshold showing. We are not persuaded that we misinterpreted the law or abused our discretion in reaching that determination or exercising that discretion.

IPR2017-01574
IPR2017-01576
Patent 9,322,260 B2

IV. ORDER

For the reasons given, it is

ORDERED that Patent Owner's Requests for Rehearing in IPR2017-01574 and IPR2017-01576 are *denied*.

IPR2017-01574
IPR2017-01576
Patent 9,322,260 B2

PETITIONER:

Henry A. Petri
James P. Murphy
POLSINELLI PC
hpetri@polsinelli.com
jpmurphy@polsinelli.com

PATENT OWNER:

Michael L. Kiklis
Christopher Ricciuti
Lisa Mandrusiak
Marc K. Weinstein
OBLON, MCCLELLAND, MAIER & NEUSTADT, LLP
CPDocketKiklis@oblon.com
CPDocketRicciuti@oblon.com
CPDocketmandrusiak@oblon.com
CPDocketWeinstein@oblon.com