

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

EPSILON DATA MANAGEMENT, LLC,

Petitioner,

v.

UMBANET, INC.,

Patent Owner.

Case IPR2017-01743

Patent 7,076,730 B1

Before ROBERT J. WEINSCHENK, KEVIN C. TROCK, and
STACY B. MARGOLIES, *Administrative Patent Judges*.

TROCK, *Administrative Patent Judge*.

JUDGMENT

35 U.S.C. § 316(a)(4) and 37 C.F.R. § 42.73(b)

DECISION ON MOTION TO AMEND

35 U.S.C. § 316(d) and 37 C.F.R. § 42.121

I. INTRODUCTION

Epsilon Data Management, LLC (“Petitioner”) filed a request for an *inter partes* review of claims 19–21 (the “challenged claims”) of U.S. Patent No. Patent 7,076,730 B1 (Ex. 1001, “the ’730 patent”). Paper 1 (“Pet.”). Umbanet, Inc. (“Patent Owner”) did not file a Preliminary Response to the Petition. We instituted an *inter partes* review of all the challenged claims and all the grounds set forth in the Petition. Paper 9 (“Dec. Inst.”).

After Institution, Patent Owner filed a Response (Paper 21, “Resp.”) and Petitioner filed a Reply (Paper 25, “Reply”). Patent Owner also filed a contingent Motion to Amend (Paper 23, “Mot.”) to replace claims 19–21, if found unpatentable, with substitute claims 26–28. Petitioner filed a response to the Motion to Amend (Paper 26, “Opp.”) and Patent Owner filed a reply to the Motion (Paper 29, “Mot. Reply”). A hearing was held on October 26, 2018, a transcript of which has been entered into the record (Paper 37, “Tr.”).

We have jurisdiction under 35 U.S.C. § 6(b).

A. *Related Proceedings*

The parties identify the following U.S. District Court proceeding involving the ’730 patent: *Umbanet Inc. v. Epsilon Data Management, LLC*, Case No. 2:16-cv-00682-JRG (E.D. Tex.). Pet. 1; Paper 5, 2. On August 16, 2017, in a Claim Construction Memorandum Opinion and Order, the District Court found claim 19 of the ’730 patent invalid as indefinite pursuant to 35 U.S.C. § 112, ¶ 6. *Umbanet*, No. 2:16-cv-00682-JRG (E.D. Tex. Aug. 16, 2017), ECF No. 108. On September 18, 2017, Patent Owner filed an appeal to the U.S. Court of Appeals for the Federal Circuit, No. 17-

2556, appealing the decision of the District Court. *Umbanet*, No. 2:16-cv-00682-JRG (E.D. Tex. Aug. 16, 2017), ECF No. 117; Paper 5, 2. On December 10, 2018, the Federal Circuit affirmed the District Court's decision. *Umbanet, Inc. v. Epsilon Data Management, LLC*, No. 2017-2556 (Fed. Cir. Dec. 10, 2018), ECF No. 58.

We invited the parties to brief what effect the Federal Circuit's affirmance of the District Court's decision finding claim 19 invalid may have on the Final Written Decision and the Motion to Amend in this proceeding. Ex. 3001. On January 18, 2019, the parties each filed a brief addressing the issue. Papers 38 ("Pet. Brief"), 39 ("PO Brief").

The Federal Circuit issued its mandate on January 16, 2019. *Umbanet*, No. 2017-2556 (Fed. Cir. Jan. 16, 2019), ECF No. 59.

B. The '730 Patent

The '730 patent relates to an electronic mail ("email") program. The '730 patent explains that the "electronic mail program ha[s] modular integral authoring/reading applications whereby documents created with the modular integral authoring/reading applications are seamlessly sent and received by the mail program." Ex. 1001, 1:15–19.

The '730 patent notes that the ability to attach binary computer files to an email was a popular feature at the time of the invention, because it allowed users to share more complex data files such as word processing documents, database documents, multimedia documents, and the like using email. *Id.* at 1:23–29. The '730 patent also explains that there were limitations and inconveniences associated with attaching such binary files to email messages. *See, e.g., id.* at 1:65–2:31. The '730 patent attempts to remedy those issues by providing a single seamless environment for

authoring, reading, and emailing a variety of different kinds of documents, using a main email component and a number of installable components to communicate with the email component. *Id.* at 3:17–19, 4:5–27. The installable components include authoring/reading components as well as at least one browser/editor component. *Id.* at 3:19–21.

C. Challenged Claims of the '730 Patent

Petitioner challenges independent claim 19, and dependent claims 20 and 21, as unpatentable under 35 U.S.C. § 102. The claims read as follows:

19. A method of authoring a document and sending it by electronic mail, said method comprising:

- a) providing a document-authoring component which authors a portion of a document which is other than a plain-text;
- b) providing a document-encoding component which encodes the document as Internet-compatible email;
- c) linking the document-authoring component with the document encoding component such that documents generated under said document-authoring component are automatically encoded as Internet-compatible email.

20. A method according to claim 19, wherein:

said step of providing a document-authoring component includes providing a plurality of document-authoring components, and said step of linking includes linking each of said document authoring components with the document-encoding component.

21. A method according to claim 19, further comprising:

- d) providing a document-decoding component which decodes a received document encoded as Internet-compatible email;
- [e] linking the document-authoring component with the document decoding component such that documents are automatically decoded.

Ex. 1001, 260:59–261:16.

II. ANALYSIS

A. Adverse Judgment

In its Brief on the effect of the Federal Circuit’s affirmance of the invalidity of claim 19 on these proceedings, Patent Owner states the following: “Claim 19 is invalid for being indefinite. Claims 20 and 21, dependent upon claim 19, contain no limitations that would alter the indefiniteness found for claim 19 and thus are also invalid.” PO Brief, 4.

The Board’s rules permit a party to “request judgment against itself at any time during a proceeding.” 37 C.F.R § 42.73(b). The Board construes a party’s “[c]oncession of unpatentability . . . of the contested subject matter” or “[a]bandonment of the contest” as a request for adverse judgment. 37 C.F.R §§ 42.73(b)(3), (b)(4).

Here, Patent Owner admits in its briefing that claims 19–21 are invalid. We construe Patent Owner’s admission of invalidity as to claims 19–21 as a concession of unpatentability and an abandonment of the contest and thus a request for adverse judgment as to these claims.

Accordingly, the request for adverse judgment as to claims 19–21 of the ’730 patent is granted.

B. Motion to Amend

As noted above, Patent Owner filed a contingent Motion to Amend to replace claims 19–21, should they be found unpatentable, with substitute claims 26–28. Because Patent Owner concedes claims 19–21 are invalid, we consider Patent Owner’s Motion to Amend.

In an *inter partes* review, amended claims are not added to a patent as of right, but rather must be proposed as a part of a motion to amend.

35 U.S.C. § 316(d). The Board must assess the patentability of proposed substitute claims “without placing the burden of persuasion on the patent owner.” *Aqua Prods., Inc. v. Matal*, 872 F.3d 1290, 1328 (Fed. Cir. 2017) (en banc). However, Patent Owner’s proposed substitute claims must meet the statutory requirements of 35 U.S.C. § 316(d) and the procedural requirements of 37 C.F.R. § 42.121. See “Guidance on Motions to Amend in view of *Aqua Products*” (Nov. 21, 2017) (https://www.uspto.gov/sites/default/files/documents/guidance_on_motions_to_amend_11_2017.pdf) (last accessed Dec. 5, 2018) (“Guidance”).

Accordingly, Patent Owner must demonstrate: (1) the amendment responds to a ground of unpatentability involved in the trial; (2) the amendment does not seek to enlarge the scope of the claims of the patent or introduce new subject matter; (3) the amendment proposes a reasonable number of substitute claims; and (4) the proposed claims are supported in the original disclosure. See 35 U.S.C. § 316(d); 37 C.F.R. § 42.121.

Patent Owner asserts the substitute claims meet all the requirements of 35 U.S.C. § 316(d) and 37 C.F.R. § 42.121. Mot. 1–4. Proposed substitute independent claim 26 includes all of the limitations of original claim 19 and adds the limitation “providing an application programming interface (API)” to the step of linking the document-authoring component to the document-encoding component. *Id.* at 3, 15, i (Claims App.). The contingent substitute dependent claims 27 and 28 are nearly identical to original claims 20 and 21 except for reflecting their dependency from substitute independent claim 26 rather than claim 19. *Id.* at 11, i–ii (Claims App.). Substitute claim 26 reads as follows, with the added language underlined.

26. A method of authoring a document and sending it by electronic mail, said method comprising:
- a) providing a document-authoring component which authors a portion of a document which is other than a plain-text;
 - b) providing a *document-encoding component* which encodes the document as Internet-compatible email;
 - c) providing an application programming interface (API) linking the document-authoring component with the document encoding component such that documents generated under said document-authoring component are automatically encoded as Internet-compatible email.

Mot. i (Claims App.) (*italics emphasis added*).

It is fundamental that a dependent claim incorporates all the limitations of the independent claim from which it depends. 37 C.F.R. § 1.75(c) (“Claims in dependent form shall be construed to include all the limitations of the claim incorporated by reference into the dependent claim.”). Thus, proposed substitute dependent claims 27 and 28 each incorporate the limitation “providing a document-encoding component,” recited in claim 26.

In its Brief on the effect of the Federal Circuit’s affirmance of the invalidity of claim 19 on these proceedings, Patent Owner concedes the following: “The amendments proposed by Patent Owner in the Motion to Amend also do not address the claim terms found indefinite by the district court as affirmed by the Federal Circuit and thus could also be deemed invalid for indefiniteness even if the Board grants Patent Owner’s motion.” Brief, 4.

In its Claim Construction Memorandum Opinion and Order, the District Court held as follows: “(1) 35 U.S.C. § 112, ¶ 6 governs the “encoding means,” “decoding means,” and “document-encoding component” terms; and (2) the ’730 Patent fails to satisfy the structure-disclosure requirements of the statute with respect to those terms. Accordingly, the Court holds that Claims 1 and 19 of the ’730 Patent are invalid as indefinite.” *Umbanet*, No. 2:16-cv-00682-JRG (E.D. Tex. Aug. 16, 2017), ECF No. 108 at 21–22.

The proposed substitute claims recite the same “document encoding component” limitation that the District Court found indefinite. The conclusion of indefiniteness of claim 19 thus applies to proposed substitute claims 26–28. Patent Owner readily admits, “[t]he amendments proposed by Patent Owner in the Motion to Amend also do not address the claim terms found indefinite by the district court.” PO Brief, 4. Further, because the Federal Circuit affirmed the District Court’s decision finding claim 19 invalid, collateral estoppel precludes Patent Owner from disputing that the limitation “providing a document-encoding component” in the proposed substitute claims is indefinite. *See XY, LLC v. Trans Ova Genetics*, 890 F.3d 1282, 1294 (Fed. Cir. 2018); *MaxLinear, Inc. v. CF Crespe LLC*, 880 F.3d 1373, 1376 (Fed. Cir. 2018).

Accordingly, we find proposed substitute claims 26–28 unpatentable as indefinite and deny Patent Owner’s motion to amend.

III. ORDER

For the reasons given, it is

ORDERED that adverse judgment is entered against Patent Owner as to claims 19–21 of the '730 patent;

FURTHER ORDERED that Patent Owner's Motion to Amend is denied; and

FURTHER ORDERED that parties to the proceeding seeking judicial review of this decision must comply with the notice and service requirements of 37 C.F.R. § 90.2.

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