

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

FACEBOOK, INC.
Petitioner

v.

EVERYMD.COM LLC
Patent Owner

Case IPR2018-00050
Patent 8,504,631 B2

Before KRISTEN L. DROESCH, MICHAEL R. ZECHER, and
PATRICK M. BOUCHER, *Administrative Patent Judges*.

PER CURIAM.

DECISION AND ORDER

Vacatur of Institution, Dismissal of Petition, and Termination of Trial
37 C.F.R. §§ 42.5(a), 42.71(a), and 42.72

In an Order entered on August 23, 2018, we invited each party to file a brief that is tailored narrowly to address whether, based on the circumstances presented here, we possess authority to dismiss the Petition (under 37 C.F.R. § 42.71(a) or otherwise), thereby terminating the trial without rendering any further decisions in accordance with 37 C.F.R. § 42.72. Paper 15. In response, Patent Owner, EveryMD.com LLC (“EveryMD”) argues that our authority to terminate a trial is limited to the circumstance where parties have reached a settlement and jointly request termination. Paper 16. Petitioner, Facebook, Inc. (“Facebook”), contends that we possess the authority to terminate the trial and the pending Motion to Amend has no impact on our authority to do so. Paper 17. Because of the unique circumstances presented by this matter, and for the reasons explained below, we vacate our Decision on Institution, dismiss the Petition, and terminate trial, thereby obviating the need to reach the pending Motion to Amend.

I. Procedural History

A timeline of relevant events regarding U.S. Patent No. 8,504,631 B2 (Ex. 1001, “the ’631 patent”) is provided below.

1. On May 10, 2017, the U.S. District Court for the Central District of California granted Petitioner’s motion to dismiss litigation asserting infringement of the ’631 patent. Ex. 1009, 21. The district court determined that the claims of the ’631 patent are not patent-eligible under 35 U.S.C. § 101 because they are directed to an abstract idea and they do not otherwise include an inventive concept. *Id.* at 14–21.

2. On October 10, 2017, Facebook filed the Petition that resulted in the instant proceeding. Paper 2.
3. On April 16, 2018, we instituted an *inter partes* review as to all the claims and all grounds set forth in the Petition. Paper 6, 17–18.
4. On March 9, 2018, the U.S. Court of Appeals for the Federal Circuit entered a “Rule 36” Judgment affirming the district court’s unpatentability ruling. Ex. 3001.
5. On July 3, 2018, EveryMD filed a Motion to Amend. Paper 9.
6. On May 4, 2018, the Federal Circuit denied EveryMD’s request for a rehearing of the “Rule 36” Judgment. Paper 15, 1 (explaining that, “[o]n May 4, 2018, the Federal Circuit denied . . . [the] request for rehearing”).
7. On July 24, 2018, EveryMD informed the panel that it would not appeal the Federal Circuit’s decision to the U.S. Supreme Court. Paper 15, 1 (explaining that, “[i]n an email dated July 24, 2018, EveryMD informed the panel . . . that it would not file a petition for writ of certiorari with the Supreme Court”).
8. On August 22, 2018, we conducted a call with both parties and invited additional briefing from the parties concerning our authority to terminate at this stage of the proceeding. Paper 15.
9. On August 24 and August 31, 2018, the parties provided further briefing regarding whether we possess the authority to terminate this proceeding and, if so, whether we should exercise that authority based on the circumstances presented here. Papers 16, 17.

In summary, the courts have finally adjudicated all claims of the ’631 patent as unpatentable. Facebook’s original Petition concerning obviousness

of the claims of the '631 patent is, unquestionably, moot. The only substantive paper that remains for our consideration is the pending Motion to Amend.

II. Analysis of Whether the Board has Legal Authority to Terminate a Proceeding

Pursuant to the applicable statutes and regulations, we hold that we may dismiss the Petition (Paper 2), thereby terminating this proceeding. In particular, 37 C.F.R. § 42.71(a) provides that “[t]he Board may take up petitions or motions for decisions in any order, may grant, deny, or dismiss any petition or motion, and may enter any appropriate order.” A “petition” is defined as “a request that a trial be instituted” and a “motion” is defined as “a request for relief other than by petition.” 37 C.F.R. § 42.2. Thus, the regulations expressly provide the Board with broad authority to dismiss a petition where appropriate; such authority is notably not constrained by the existence of pending motions, such as a motion to amend.

The Board’s broad authority to dismiss the Petition, thereby terminating this proceeding, is further confirmed by 37 C.F.R. § 42.72, which states “[t]he Board may terminate a trial without rendering a final written decision, where appropriate, including where the trial is consolidated with another proceeding or pursuant to a joint request under 35 U.S.C. [§§] 317(a) or 327(a).”

EveryMD contends that it is not appropriate under 37 C.F.R. § 42.72 for the Board to terminate the trial for any ground other than settlement at the joint request of the parties. Paper 17, 2–3. We are not persuaded by EveryMD’s argument in this regard because it is inconsistent with the broad

authority set forth in the regulation. Rather than limit the Board’s termination authority, the regulation expands it by explicitly setting forth special circumstances under which it also applies. 37 C.F.R. § 42.72 (“where appropriate, *including . . .*”) (emphasis added). The regulation further provides the Board with expansive discretion and flexibility to terminate in all “appropriate” circumstances. *See also* 37 C.F.R. § 42.5(a) (“The Board may determine a proper course of conduct in a proceeding for any situation not specifically covered by this part . . .”).

The regulations identified above are consistent with the applicable United States Code, which specifically contemplates dismissal of petitions after institution. In particular, 35 U.S.C. § 318(a) states, in relevant part, that, “[i]f an inter partes review is instituted *and not dismissed* under this chapter, the Patent Trial and Appeal Board shall issue a final written decision . . .” 35 U.S.C. § 318(a) (emphasis added.)

Our reviewing court’s interpretation of 35 U.S.C. § 318(a) supports this analysis. In *Medtronic, Inc. v. Robert Bosch Healthcare Sys., Inc.*, 839 F.3d 1382, 1383 (Fed. Cir. 2016), the Federal Circuit held that the Board’s vacatur of its decision on institution and termination of proceedings was final and non-appealable under 35 U.S.C. § 314(d). In reaching this holding, the Federal Circuit was not persuaded by *Medtronic*’s argument that the Board lacked authority to reconsider its prior institution decision. *Id.* at 1385. The court explained that “[35 U.S.C.] § 318(a) contemplates that a proceeding can be ‘dismissed’ after it is instituted, and, as [the court’s] prior cases have held, ‘administrative agencies possess inherent authority to reconsider their decisions, subject to certain limitations, regardless of

whether they possess explicit statutory authority to do so.’” *Id.* (citations omitted).

Furthermore, as Facebook emphasizes (Paper 17, 4), the United States Code expressly provided the Director of the U.S. Patent and Trademark Office with authority to prescribe regulations “establishing and governing *inter partes* review under this chapter and the relationship of such review to other proceedings under this title.” 35 U.S.C. § 316(a)(4). Under this statute, the Director promulgated, for example, 37 C.F.R. § 42.72 as governing an *inter partes* review, which provides the Board the authority to dismiss a petition “where appropriate,” including where, as here, dismissal is appropriate in view of other proceedings under Title 35 (e.g., a final adjudication in a related district court infringement action).

For all these reasons, we conclude that we possess the authority to dismiss the instant Petition, thereby terminating trial, where doing so is “appropriate” under 37 C.F.R. § 42.72.

III. Analysis of Whether it is Appropriate to Dismiss the Petition and Terminate Trial

Under the unique circumstances presented here, we determine that it is appropriate for us to reconsider and vacate our prior Decision on Institution, dismiss the Petition, and terminate trial, thereby obviating the need to address the pending Motion to Amend. The following factors support this determination:

1. The courts have determined, with finality, that all existing claims of the ’631 patent are unpatentable. As a result, every ground of unpatentability set forth in the Petition is now moot. *Cf. Asghari-*

- Kamrani v. United Servs. Auto. Ass’n*, No. 2018-1040, 2018 WL 4334150, at *1 (Fed. Cir. Sept. 11, 2018) (non-precedential) (dismissing the appeal of a final written decision in a covered business method patent review as moot because the parties agreed “affirmance of the district court’s in-eligibility decision has the effect of invalidating all claims” of the patent at issue). From the outset of this proceeding, the panel has expressed concern with moving forward with this *inter partes* review given the courts’ unpatentability determinations. *See, e.g.*, Paper 5 (Order discussing the impact of the courts’ decisions on this proceeding).
2. EveryMD’s Motion to Amend was filed after the Federal Circuit affirmed the district court’s decision on unpatentability.
 3. The term of a patent grant begins on the date on which the patent issues and ends twenty (20) years from the date on which the application for the patent was filed in the United States, “or, if the application contains a specific reference to an earlier filed application or applications under section 120, 121, 365(c), or 386(c), from the date on which the earliest such application was filed.” 35 U.S.C. § 154(a)(2) (2012 & Supp. III 2015). The earliest patent application referenced for the benefit of priority under 35 U.S.C. § 120 for the ’631 patent was filed on November 23, 1999 (Ex. 1001, [63]), and the ’631 patent has no term extensions. The term of the ’631 patent, therefore, will expire no later than November 23, 2019.

Our statutory deadline for issuing a final written decision in this matter would be April 16, 2019. EveryMD’s proposed, substitute claims, even if permitted by the Board, would not take effect until

after the '631 patent's expiration because there is roughly seven months between the due date for a final written decision (i.e., April 16, 2019) and the expiration date of the '631 patent (i.e., November 23, 2019), and this period of time cannot possibly account for any Federal Circuit appeal, requests for rehearing, and issuance of an *inter partes* review certificate. Therefore, even if we were to grant EveryMD's Motion to Amend, and assuming a typical appeal process, the '631 patent would be likely to expire prior to EveryMD's proposed, substitute claims becoming effective. As such, resolution of the Motion to Amend on the merits would be an inefficient use of the Board's resources.

4. Consideration of EveryMD's Motion to Amend would also be an inefficient use of the Board's resources because the regulations provide that a motion to amend may be denied where "[t]he amendment does not respond to a ground of unpatentability involved in the trial." 37 C.F.R. § 42.121. As we explain above, the courts' decisions have rendered moot all grounds of unpatentability that Facebook has raised in the trial. Because there is no ground of unpatentability remaining in the trial, it is difficult, if not impossible, to determine how EveryMD's proposed amendments respond to a "ground of unpatentability involved in the trial."
5. Facebook has requested termination of this matter. See Paper 17.
6. This proceeding remains at a relative early stage because Facebook has not filed an opposition to EveryMD's Motion to Amend and no final written decision is due until April 16, 2019.

It is undisputed that we have discretion to deny institution. 35 U.S.C. § 314(a) (authorizing institution of an *inter partes* review under particular circumstances, but not requiring institution under any circumstances); *Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) (explaining that, under § 314(a), “the [U.S. Patent and Trademark Office] is permitted, but never compelled, to institute an [*inter partes* review] proceeding”). The “finite resources of the Board” is one of many factors that may be considered in considering whether or not to institute an *inter partes* review. *Gen. Plastic Indus. Co., Ltd. v. Canon Kabushiki Kaisha*, Case IPR2016-01357, slip op. at 15–16 (PTAB Sept. 6, 2017) (Paper 19) (precedential). Assessing amendments to claims that the courts have adjudicated, with finality, to be unpatentable, particularly when those amendments are unlikely to be entered prior to expiration of the subject patent, is an inefficient use of the Board’s resources. The Board’s finite resources could be more efficiently used, for example, assessing amendments to claims that will not expire prior to a final resolution of the issues raised by the parties. Thus, the factor considering the finite resources of the Board weighs heavily in favor of denying institution here.

Because it would be inefficient for the Board to allocate further limited resources to this particular *inter partes* review, we vacate our Decision on Institution, dismiss the Petition, and terminate trial, thereby obviating the need to address the pending Motion to Amend.

IV. ORDER

Accordingly, it is:

ORDERED that our April 16, 2018, decision instituting an *inter partes* of the '631 patent (Paper 6) is hereby *vacated*;

FURTHER ORDERED that the Petition in Case IPR2018-00050 (Paper 2) is hereby *dismissed*;

FURTHER ORDERED that Case IPR2018-00050 is hereby *terminated* with respect to both Facebook and EveryMD; and

FURTHER ORDERED that the oral argument originally scheduled for January 10, 2019, is cancelled.

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