

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

EXPEDIA, INC.; HOMEAWAY.COM, INC.; HOTELS.COM L.P.;
HOTWIRE, INC.; AND ORBITZ, LLC,
Petitioner,

v.

INTERNATIONAL BUSINESS MACHINES CORPORATION,
Patent Owner.

Case IPR2018-01354
Patent 5,961,601

Before HUBERT C. LORIN, DAVID C. McKONE, and
MICHELLE N. WORMMEESTER, *Administrative Patent Judges*.

McKONE, *Administrative Patent Judge*.

DECISION
Request for Rehearing
37 C.F.R. § 42.71(d)

I. INTRODUCTION

Expedia, Inc., Homeaway.com, Inc., Hotels.com L.P., Hotwire, Inc., and Orbitz, LLC (collectively “Petitioner”) filed a Petition (Paper 2, “Pet.”) to institute an *inter partes* review of claims 1–8, 12, 14–21, 25, 27–34, 38, 40–45, 47, 49, 51–57, and 60–66 of U.S. Patent No. 5,961,601 (Ex. 1001, “the ’601 patent”). International Business Machines Corp. (“Patent Owner”) filed a Preliminary Response (Paper 7, “Prelim. Resp.”). Upon consideration of the Petition and Preliminary Response, we concluded, under 35 U.S.C. § 314(a), that Petitioner has established a reasonable likelihood that it would prevail with respect to at least one challenged claim as obvious over Yuval Fisher, SPINNING THE WEB (1996) (Ex. 1005, “Fisher”). Paper 8 (Institution Decision (“Dec.”)) 37.

After the Petition was filed, but before the Preliminary Response was filed, a jury in *International Business Machines Corp. v. Groupon, Inc.*, C.A. No. 16-122-LPS (D. Del.), reached a verdict of no invalidity for claims 51 and 54 of the ’601 patent. Ex. 2101, 4. In that case, as to Fisher, Groupon had presented, through expert testimony, arguments similar to those Petitioner advances in this proceeding. Ex. 2106 (Trial Transcript), 1449–61; Ex. 2102 (Jury Instructions), 33; Dec. 31; Prelim. Resp. 10–18. The District Court has since vacated its judgment following the jury verdict pursuant to a settlement and stipulation of dismissal. Ex. 3002

(September 28, 2018, Stipulation and Order of Dismissal, signed by the District Court on October 2, 2018).¹

In the Preliminary Response, Patent Owner argued that we should deny the Petition under 35 U.S.C. §§ 314(a) and the Board’s decision in *NetApp Inc. v. Realtime Data LLC*, Case IPR2017-01195 (PTAB Oct. 12, 2017) (Paper 9), slip op. at 12–13, in light of the *Groupon* jury verdict. Prelim Resp. 9–26. We fully considered Patent Owner’s arguments, weighed them according to the guidance set forth in *General Plastic Industrial Co., Ltd. v. Canon Kabushiki Kaisha*, Case IPR2016-01357 (PTAB Sept. 6, 2017) (Paper 19) (precedential), and explained in detail why various factors, considered together, weighed against denial of the Petition. Dec. 31–37.

¹ Patent Owner filed its Preliminary Response on October 26, 2018, nearly a month after Patent Owner stipulated to vacate the judgment in the *Groupon* case. Nevertheless, Patent Owner described the trial at length (omitting the settlement and vacating of the judgment) and argued that a trial in this proceeding would be redundant to the *Groupon* trial. Prelim. Resp. 7–26. Our rule regarding Mandatory Notices requires Patent Owner to “[i]dentify any other judicial or administrative matter that would affect, or be affected by, a decision in the proceeding.” 37 C.F.R. § 42.8(b)(2). In Updated Mandatory Notices (filed August 16, 2018, and refiled October 26, 2018), Patent Owner indicated that another case involving the ’601 patent had settled. Paper 6, 1. Patent Owner did not submit such Mandatory Notices regarding the *Groupon* case. Settlement and vacating the judgment in the *Groupon* case clearly would have affected our Decision to Institute as it would have substantially undermined Patent Owner’s arguments. Patent Owner’s representations and omissions have been at least misleading. Counsel for Patent Owner is hereby warned that it has an ongoing duty of candor to the Office pursuant to 37 C.F.R. §§ 1.56 and 42.11. Violations of the duty of candor can result in sanctions both to the counsel and the party violating that duty. See 37 C.F.R. § 42.11(d).

Patent Owner asserts in a Request for Rehearing (Paper 11, “Req.”) that we abused our discretion in refusing to deny the Petition.

Additionally, Patent Owner requested review by the Precedential Opinion Panel (“POP”). Req. 13–15. POP review was denied on March 19, 2019. Paper 19.

II. ANALYSIS

When rehearing a decision on institution, the Board reviews the decision for an abuse of discretion. *See* 37 C.F.R. § 42.71(c). An abuse of discretion may be indicated 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. *See 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). The burden of showing that the Decision should be modified is on Patent Owner, the party challenging the Institution Decision. *See* 37 C.F.R. § 42.71(d). In addition, “[t]he 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.” *Id.*

Patent Owner argues that the arguments and evidence Petitioner advanced regarding Fisher overlapped substantially with those presented by Groupon in the *Groupon* case and on which the jury found no invalidity. Req. 4–6, 11. According to Patent Owner, “the recent revisions to the Trial Practice Guide encourage the Board to deny institution when a petition presents the same issues addressed in a district court in the name of judicial

economy, regardless of whether the petition is a ‘follow-on’ petition.” *Id.* at 1–2 (citing Trial Practice Guide Update, 10–11 (Aug. 13, 2018)). Patent Owner argues that we should have followed the Board decisions in *NetApp* and *NHK Spring Co. Ltd. v. Intri-Plex Technologies, Inc.*, Case IPR2018-00752 (PTAB Sept. 12, 2018) (Paper 8), because of alleged similarities between those cases and this proceeding. *Id.* at 3–4. Patent Owner made these same arguments in the Preliminary Response, at 20–26.²

We fully considered these arguments, but determined that Patent Owner’s arguments were outweighed by several other *General Plastic* factors. Dec. 34–37. To summarize briefly, we determined that Petitioner was not involved with the *Groupon* case, did not derive any benefit from the arguments or resolution of that case, and did not have any apparent reason to bring its challenge based on *Fisher* earlier. *Id.* at 33–34. Accordingly, the first five *General Plastic* factors weighed in favor of institution. *Id.* We also discussed at length the strong case Petitioner put forward on the merits for the claims at issue in the *Groupon* case. *Id.* at 23–29. The Trial Practice Guide Update counsels that we should consider the *General Plastic* factors as “part of a balanced assessment of all relevant circumstances in the case, *including the merits.*” Trial Practice Guide Update, at 10 (emphasis added). We determined that the *General Plastic* factors addressing judicial economy favored denial, but not strongly, and that they were outweighed by the factors supporting institution. Dec. 34–37. In light of the vacating of the

² We explain in the Institution Decision why Patent Owner’s allegations of similarities is overstated. Dec. 34–36. Thus, we did not overlook or misapprehend Patent Owner’s arguments regarding the similarities between this proceeding and *NetApp* and *NHK*. Req. 9–11.

judgment in the *Groupon* case, we now determine that the factors supporting denial are entitled to less weight.

Patent Owner argues that it is not relevant whether Petitioner knew about or was involved in the challenge to the '601 patent in the *Groupon* case. Req. 3. Patent Owner also argues that Petitioner did participate in the *Groupon* case, offering only the existence of a summary judgement motion filed by Groupon and the similarities between Petitioner's arguments and Groupon's trial presentation as evidence. *Id.* at 8–9.³ Patent Owner's chief argument is that we erroneously considered “the *General Plastic* factors [to be] the *sine quibus non* of the Board's discretion to deny institution” and that we “[have] the discretion to deny institution regardless of the *General Plastic* factors.” *Id.* at 11–12. In other words, Patent Owner asks us to disregard the *General Plastic* factors in favor of its view of the *NetApp* and *NHK* decisions. Nevertheless, we are not free to ignore factors set forth in a precedential decision of the Board. We considered and weighed Patent Owner's arguments in light of the precedential *General Plastic* factors along with the additional guidance from the Trial Practice Guide Update. Dec. 31–37. Patent Owner does not show this to be unreasonable or contrary to law.

Patent Owner further argues that we failed to take into account three previous petitions filed against the '601 patent. Req. 10. Nevertheless, we did address those petitions, noting that Patent Owner did not ask us to take them into account in our analysis. Dec. 33 n.4. It is too late for Patent

³ Patent Owner did not present this argument in the Preliminary Response. Nevertheless, it is not persuasive based on the limited evidence Patent Owner advances.

Owner to argue that we should have denied institution on the basis of earlier petitions having been filed against the '601 patent.

II. CONCLUSION

We did not misapprehend or overlook Patent Owner's arguments or abuse our discretion in instituting a trial over Patent Owner's objections based on those arguments.

III. ORDER

Patent Owner's Request for Rehearing is denied.

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