

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

PARROT S.A., PARROT DRONES, S.A.S. and PARROT INC.,
Petitioners,

v.

QFO LABS, INC.,
Patent Owner.

Case IPR2018-01690
Patent 9,904,292 B2

Before MEREDITH C. PETRAVICK, HYUN J. JUNG, and
SCOTT C. MOORE, *Administrative Patent Judges*.

JUNG, *Administrative Patent Judge*.

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

I. INTRODUCTION

Parrot S.A., Parrot Drones S.A.S., and Parrot Inc. (“Petitioners”) filed a Petition (Paper 1, “Pet.”), requesting institution of an *inter partes* review of claims 1–10 and 13–17 of U.S. Patent No. 9,904,292 B2 (Ex. 1001, “the ’292 patent”) based on several grounds under 35 U.S.C. § 103. QFO Labs, Inc. (“Patent Owner”) filed a Preliminary Response (Paper 6, “Prelim. Resp.”). Pursuant to 35 U.S.C. § 314, we instituted review for all challenged claims on all presented grounds. Paper 7 (“Decision” or “Dec. to Inst.”).

Patent Owner requests rehearing of our Decision. Paper 9 (“Reh’g Req.”). Patent Owner also requested that the Precedential Opinion Panel consider the issues raised in the rehearing request, but that request was denied. Papers 10, 15; Ex. 3001.

The applicable standard for a request for rehearing of a decision to institute is set forth in 37 C.F.R. § 42.71(d), which provides in relevant part:

A party dissatisfied with a decision may file a single request for rehearing without prior authorization from the Board. 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.

See also Reh’g Req. 4 (quoting, in part, 37 C.F.R. § 42.71(d)).

For the reasons stated below, Patent Owner’s request is *denied*.

II. ANALYSIS

According to Patent Owner, “the Board overlooked and did not address Patentee’s arguments that Petitioners bear the burden of persuasion to establish standing to file the Petition,” and that “the Board erred in not

placing that burden on Petitioners.” Reh’g Req. 1; *see also id.* at 15 (arguing that “Petitioners have not carried their burden of proof that they have standing to bring this Petition under 37 C.F.R. § 42.101(a)” and that the “Board erred in the Decision to Institute by not addressing Patent Owner’s arguments that the burden of proof is on Petitioners to establish standing in their Petition”). Patent Owner argues that “it was Petitioners’ burden to inform the Board of the Second Amended Complaint and to justify in the Petition why the previously filed declaratory judgment action should not be considered a challenge to the patentability of the claims of the ’292 patent.” *Id.* at 2. Patent Owner also argues that the standard for a request for rehearing cannot be used to modify or change the burden of proof and persuasion under § 315(a)(1), because it is a jurisdictional limit and the burden of proof remains with Petitioners. *Id.* at 4. Patent Owner asserts that “it was error for the Board to place the burden on Patent Owner” and “the Board cannot find on this record that Petitioners have satisfied this burden based solely on the certification that Petitioners made in the Petition.” *Id.* at 9–10.

Patent Owner additionally contends that the Board erred in finding that Petitioners have standing to file the Petition. *Id.* at 6. Patent Owner argues that “it was incumbent upon Petitioners to both explain and prove why there is standing” in view of their related district court litigation challenging parent patents of the ’292 patent and in view of their argument that the challenged claims are not patentably distinct from the claims of the parent patents. *Id.* (citing Pet. 1, 94). Patent Owner also argues that “Petitioners baldly certify in a single sentence without any evidence or analysis that they are not barred from bringing the Petition,” even though

one of their previous petitions shows they are aware of their burden regarding standing. *Id.* at 8–9 (citing Pet. 96; *Parrot S.A. v. QFO Labs, Inc.*, Case IPR2017-01400 (PTAB Aug. 22, 2017) (Paper 8, 13–17)). Patent Owner notes that it raised the issue and provided evidence. *Id.* at 9 (citing Prelim. Resp. 1–3, 10–16).

Under 37 C.F.R. § 42.104(a), “[t]he petitioner must certify that the patent for which review is sought is available for *inter partes* review and that the petitioner is not barred or estopped from requesting an *inter partes* review challenging the patent claims on the grounds identified in the petition.” As noted by Patent Owner, Petitioners certified that they were not barred or estopped from requesting *inter partes* review of the ’292 patent. Pet. 96; Prelim. Resp. 11; Reh’g Req. 8–9. Our rule 104(a) only requires a certification and does not require explanation, argument, or evidence to support the certification. Patent Owner properly raised the issue of standing in its Preliminary Response. Prelim. Resp. 10–18. The Decision, thus, analyzed and reviewed the record to determine if Petitioners are barred under § 315(a)(1) from requesting *inter partes* review of the ’292 patent for the reasons raised by Patent Owner. Dec. to Inst. 8–13. We determined that, as applied to the circumstances of this proceeding, 35 U.S.C. § 315(a)(1) does not bar Petitioners from challenging the ’292 patent. *Id.*

According to Patent Owner, the Board cannot rely solely on Petitioners’ certification. Reh’g Req. 6–8 (citing *Worlds, Inc. v. Bungie, Inc.*, 903 F.3d 1237, 1242–46 (Fed. Cir. 2018) (“*Worlds, Inc.*”). Patent Owner contends that the analysis for § 315(b) discussed in *Worlds, Inc.* applies to § 315(a)(1), and thus, “the Board is obligated to apply the process

of evaluating the standing issue as set forth by the Federal Circuit [in] *Worlds, Inc.*” *Id.* at 8.

Patent Owner does not identify where this matter was previously addressed in its Preliminary Response. *See* 37 C.F.R. § 42.71(d); Reh’g Req. 6–8. We cannot find where Patent Owner previously made an argument based on *Worlds, Inc.* Thus, we could not have misapprehended or overlooked an argument that was not made in the Preliminary Response. *See* 37 C.F.R. § 42.71(d).

Even if arguments based on *Worlds, Inc.* had been previously presented, Patent Owner would still not have explained why case law concerning § 315(b) should apply to arguments regarding § 315(a)(1). Moreover, as explained in *Worlds, Inc.* in the context of § 315(b), “we see no reason for the Board to question an IPR petitioner’s identification of the real parties in interest unless and until a patent owner has chosen to raise the issue.” 903 F.3d at 1243–44. Thus, even if the analysis of *Worlds, Inc.* were applicable to § 315(a)(1) in the manner argued by Patent Owner, there still would be “no reason for the Board to question an IPR petitioner’s [certification that it is not barred or estopped] unless and until a patent owner has chosen to raise the issue,” the very situation that occurred in this proceeding. Based on the record, we determined that Petitioners were not barred or estopped from requesting *inter partes* review of the ’292 patent. *See* Dec. to Inst. 8–13.

Patent Owner argues that the Decision relies solely on the phrase “the patent” in 35 U.S.C. § 315(a)(1) to dismiss the relevance of prior challenges in related patents. Reh’g Req. 3. Patent Owner also faults the Decision for interpreting 35 U.S.C. § 315(a)(1) too narrowly because the relevant

statutory language is “filed *a civil action challenging the validity of a claim* of the patent.” *Id.* (emphasis added by Patent Owner); *see also id.* at 15 (arguing that the “Board erred in the Decision to Institute . . . by erroneously construing the time-bar provision of 35 U.S.C § 315(a)(1) too narrowly”). Patent Owner further asserts that the Decision’s “erroneous interpretation of law [] permits the same kind of post-filing legal maneuvers by a petitioner in an effort to avoid the impact of the time-bar provisions of 35 U.S.C. § 315” and “circumvents [] Congressional intent and results in inefficiencies and duplicative efforts by patent owners as well as the courts and the Office.” *Id.* at 3, 4. Patent Owner argues that the “validity of the claims of the ’292 patent is effectively being challenged in the Delaware lawsuit because the Petitioners argue that these *claims* are not materially different than *claims* in the three other tilt-to-fly parent patents.” *Id.* at 3 (emphasis in original).

We addressed the bases of these arguments in our Decision (*see* Dec. to Inst. 8–11), and Patent Owner’s rehearing request does little more than express disagreement with our analysis. Because Patent Owner is merely responding to our Decision without identifying any arguments we allegedly overlooked or misapprehended as required under 37 C.F.R. § 42.71(d), these arguments are not a proper basis for a rehearing request.

Nevertheless, as discussed in the Decision, we agree that the relevant statutory language is “filed a civil action challenging the validity of a claim of the patent.” The Decision quoted this language in multiple places. *See* Dec. to Inst. 9–11. Also, as stated in the Decision, “we reject Patent Owner’s invitation to graft additional language into § 315(a)(1)” because Patent Owner’s position would effectively rewrite § 315(a)(1) so as to read “filed a civil action challenging the validity of a claim of the patent *or a civil*

action effectively challenging the validity of a claim not materially different from a claim of the patent.” Patent Owner’s broader interpretation is plainly not supported by the express statutory language. In addition, the express language of § 315(a)(1) also allows filing a petition for *inter partes* review of a particular patent before filing a civil action challenging the validity of a claim of the same patent, thereby “avoid[ing] the impact of the time-bar provisions of 35 U.S.C. § 315” and potentially “result[ing] in . . . duplicative efforts by patent owners as well as the courts and the Office,” as argued by Patent Owner. The same result would occur under Patent Owner’s broader interpretation of § 315(a)(1), if a petitioner filed a petition challenging claims not materially different from claims of a related patent before filing a civil action challenging the validity of the claims. Thus, Patent Owner’s arguments regarding the interpretation of § 315(a)(1), which we addressed previously in the Decision, do not show that the Decision should be modified.

Patent Owner further contends that we “misapprehended Patent Owner’s arguments regarding the challenges to patentability of Patent Owner’s tilt-to-fly patents that are parent patents of the ’292 patent in the declaratory judgment action filed by Petitioners more than two years before the Petition was filed” and erred in interpreting § 315(a)(1). Reh’g Req. 2, 10. In particular, Patent Owner argues (1) that the “decision [in *Click-to-Call Technologies, LP v. Ingenio, Inc.*, 889 F.3d 1321 (Fed. Cir. 2018) (*en banc*¹) (“*Click-to-Call*”)] confirmed that subsequent court filings *do* relate

¹ *Click-to-Call* is *en banc* as to only footnote 3. See 899 F.3d at 1324, 1328 n.3.

back to the first court filing in evaluating the standing limits imposed by 35 U.S.C. § 315(b),” (2) that “Patent Owner argued that the *Click-to-Call* holding confirms that a hyper-technical interpretation of the time-bar provisions is not what Congress intended,” and (3) that “the Board should look to the totality of the circumstances” including “Petitioners’ assertion that these claims are not materially different from the claims in the parent patents.” *Id.* at 10 (citing Prelim. Resp. 14–16). Patent Owner also asserts that the Board has a duty to construe statutes, not isolated provisions. *Id.* at 11 (citing *Graham County Water & Conservation Dist. v. U.S. ex rel. Wilson*, 559 U.S. 280, 290 (2010)).

Patent Owner also argues that the “Board erred . . . by concluding that the statutory language and the Federal Circuit’s *Click-to-Call* decision do not support an interpretation that the standing limits imposed by Section 315(a)(1) apply to any claim in the entire patent family that is not materially different.” Reh’g Req. 13. Patent Owner asserts that “Petitioners have made no showing that the claims are materially different in this case.” *Id.* at 13–14 (citing Pet. 1). Patent Owner also reiterates its argument that “[i]t would be unfair and unjust to permit Petitioners to benefit from the first-filed rule applied to determine a district court forum and then circumvent that rule for petitions filed at the Office after the date on which the declaratory judgment complaint was filed in district court.” *Id.* at 14. Patent Owner argues that “Petitioners amended that earlier complaint to only initially allege counts of non-infringement with respect to a different patent in a family of patents.” *Id.* These arguments also are merely disagreements with our Decision, and

do not identify anything in the Petition that we allegedly misapprehended or overlooked.

Patent Owner repeats several arguments from its Preliminary Response in its Rehearing Request. *Compare* Prelim. Resp. 14–15, with Reh’g Req. 10. We considered these arguments in our Decision, and the totality of the circumstances of this case does not show that Petitioners are barred under § 315(a)(1) for the reasons stated in that Decision. *See* Dec. to Inst. 9–12.

Patent Owner supplements the repeated arguments with contentions that the statute, not isolated provisions, should be considered. *See* Reh’g Req. 11; *see also id.* at 3 (arguing that the “Board’s construction of this statute is in error as it is too narrow because the relevant statutory language in Section 315(a)(1) is . . . an entire phrase of whether Petitioners ‘filed a civil action challenging the validity of a claim of the patent’”). Patent Owner does not identify where these additional contentions were previously presented, as required under 37 C.F.R. § 42.71(d). Thus, Patent Owner has failed to show that we misapprehended or overlooked these arguments. *See id.*

Even if the additional contentions had been previously presented, our Decision considered the statute cited by Patent Owner, § 315(a)(1), and quoted the same statutory language that Patent Owner states is the “relevant statutory language.” *See* Dec. to Inst. 9–10, 11 (quoting multiple times “[a]n inter partes review may not be instituted if, before the date on which the petition for such a review is filed, the petitioner or real party in interest filed a civil action challenging the validity of a claim of the patent”). Patent Owner’s arguments express disagreement with our interpretation of

§ 315(a)(1) but do not show how an argument was overlooked or misapprehended. In any event, we remain convinced that the express language of § 315(a)(1), particularly “filed a civil action challenging the validity of a claim of the patent,” does not support Patent Owner’s argument that a bar could arise from a previously filed civil action challenging claims in a different (albeit related) patent.

Patent Owner also contends that the Board’s analysis “is contrary to the Informative Decision in [*Colas Solutions, Inc. v. Blackridge Emulsions, Inc.*, Case IPR2018-00242, slip op. at 8–9 (PTAB Feb. 27, 2018) (Paper 9) (Informative) (“*Colas*”)] in which the time-bar provisions of Sections 315(a) and 315(b) are similarly considered for the purposes of evaluating time-bars” and that “the Board’s analysis ignores the relevant language ‘filed a civil action challenging the validity of a claim of the patent.’” Reh’g Req. 11.

Patent Owner does not identify where an argument based on *Colas* was previously presented, as required under 37 C.F.R. § 42.71(d). We could not have misapprehended or overlooked an argument Patent Owner failed to make. *See id.* Even if this argument had been previously presented, under our analysis of § 315(a)(1) in the Decision, Petitioners would not be barred because the circumstances of this proceeding do not show that, “before the date on which the petition for [*inter partes*] review is filed, the petitioner or real party in interest filed a civil action challenging the validity of a claim of the patent.” Specifically, in this proceeding, the record shows that there is no civil action challenging the validity of any claim of the ’292 patent, and thus, there are no circumstances that meet the express language of § 315(a)(1) so that we must consider § 315(a)(1) similarly as § 315(b).

Patent Owner further contends that “the express language of Section 325(d) provides support for an expansive interpretation of what the Director should consider in determining whether to institute.” Reh’g Req. 12. Patent Owner presents arguments that “Congress intended that the Director should consider whether the same prior art or arguments have been raised before” and that a “narrow construction of Section 315(a)(1) by the Board ignores this statutory mandate to the Director and defeats the intent of Congress in striking a balance between efficiency and harassment.” *Id.* Patent Owner contends that Petitioners admit that the same prior art and arguments have been raised in previous petitions and were considered by the Examiner in the prosecution of the ’292 patent.” *Id.* at 12–13. Patent Owner also cites *Becton, Dickinson & Co. v. B. Braun Melsungen AG*, Case IPR2017-01586, slip op. at 27 n.6 (PTAB Dec. 15, 2017) (Paper 8) for exercising discretion under § 325(d) and “expressly consider[ing] a parent patent of the patent in the petition.” *Id.* at 13.

First, Patent Owner does not identify where this argument previously was made, and our review of the Preliminary Response indicates only arguments based on § 315(a)(1) or case law regarding § 315(b) were presented. *See, e.g.*, Prelim. Resp. 10–17. Patent Owner did not argue we should exercise our discretion under 35 U.S.C. § 325(d) (*see* Prelim. Resp. *passim*), and because this argument was not previously made, we could not have misapprehended or overlooked it (*see* 37 C.F.R. § 42.71(d)). Even if arguments based on § 325(d) had been previously presented, we would not have exercised our discretion under § 325(d) based on our previous Decision for Case IPR2016-01550 which determined that certain claims of the challenged patent were shown to be unpatentable and because the ’292

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patent is subject to a terminal disclaimer in view of the patent challenged in IPR2016-01550. *See* Ex. 1002, 92–96 (terminal disclaimer filed and approved in the prosecution history file of the '292 patent).

III. CONCLUSION

For the foregoing reasons, Patent Owner has not shown that the Decision to Institute misapprehended or overlooked any matters. 37 C.F.R. § 42.71(d). Accordingly, Patent Owner's Request for Rehearing is *denied*.

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