

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GOOGLE LLC,
Petitioner,

v.

PERSONALIZED MEDIA COMMUNICATIONS, LLC,
Patent Owner.

IPR2020-00719
Patent 8,739,241 B1

Before GEORGIANNA W. BRADEN, JON M. JURGOVAN, and
JOHN F. HORVATH, *Administrative Patent Judges*.

BRADEN, *Administrative Patent Judge*.

DECISION

Denying Petitioner's Request on Rehearing of Decision Denying Institution
of *Inter Partes* Review
37 C.F.R. § 42.71(d)

I. INTRODUCTION

A. *Background*

Google LLC (“Petitioner”) filed a Petition under 35 U.S.C. § 311 requesting *inter partes* review of claims 16, 17, 22, 23, 25, 27, 30, 31, 33–37, and 39 of U.S. Patent No. 8,739,241 B1 (“the ’241 patent”). Paper 1 (“Petition” or “Pet.”). Patent Owner, Personalized Media Communications LLC, filed a Preliminary Response to the Petition. Paper 7. Petitioner then requested and received authorization to file a Reply. Paper 11, Conduct of Proceeding; Paper 12, Petitioner’s Reply to Preliminary Response (“Reply”). Patent Owner filed an authorized Sur-Reply. Paper 14.

We declined Petitioner’s request to institute trial. Paper 16 (“Dec.” or “Decision to Deny Institution”). In our Decision to Deny Institution, we evaluated the factors in *Apple v. Fintiv*, IPR2020-00019, Paper 11 (PTAB March 20, 2020) (precedential), which were briefed in the Petition, Preliminary Response, Petitioner’s Reply, and Patent Owner’s Sur-Reply, and we determined the factors weighed in favor of exercising our discretion to deny institution of *inter partes* review under 35 U.S.C. § 314(a).

Petitioner filed a Request for Rehearing of our Decision to Deny Institution on September 30, 2020, contending some of the *Apple v. Fintiv* factors were evaluated incorrectly. Paper 18 (“Reh’g. Req.” or “Request for Rehearing”). For the reasons expressed below, we deny the Request for Rehearing.

B. *Standard for Reconsideration*

When rehearing a decision on petition, the Board will review the decision for an abuse of discretion. *See* 37 C.F.R. § 42.71(c). An abuse of discretion may be determined if a decision: (1) is clearly unreasonable,

arbitrary, or fanciful; (2) is based on an erroneous conclusion of law; (3) rests on clearly erroneous fact findings; or (4) involves a record that contains no evidence on which the Board could rationally base its decision.

Redline Detection, LLC v. Star Envirotech, Inc., 811 F.3d 435, 442 (Fed. Cir. 2015). The party challenging the decision has the burden of showing the decision should be modified, and the request for rehearing must specifically identify all matters the party believes the Board misapprehended or overlooked and the place where each matter was previously addressed in its papers. 37 C.F.R. § 42.71(d).

C. Discretionary Denial Under 35 U.S.C. § 314(a)

We have discretion under § 314(a) to deny any petition for *inter partes* review. *See Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140 (2016) (“[T]he agency’s decision to deny a petition is a matter committed to the Patent Office’s discretion.”); *SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348, 1356 (2018) (“[Section] 314(a) invests the Director with discretion on the question whether to institute review” (emphasis omitted)); *Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) (“[T]he PTO is permitted, but never compelled, to institute an IPR proceeding.”).

In exercising discretion under 35 U.S.C. § 314(a), the Board may consider “events in other proceedings related to the same patent, either at the Office, in district courts, or the ITC.” Consolidated Trial Practice Guide November 2019¹ (“TPG”) at 58. When a patent owner raises an argument for discretionary denial due to the advanced state of a parallel proceeding, the Board has set forth several factors that it will consider to balance

¹ Available at <https://www.uspto.gov/TrialPracticeGuideConsolidated>.

considerations of system efficiency, fairness, and patent quality. *See Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 5–6 (PTAB Mar. 20, 2020) (precedential). These factors include:

1. whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;
2. proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision;
3. investment in the parallel proceeding by the court and the parties;
4. overlap between issues raised in the petition and in the parallel proceeding;
5. whether the petitioner and the defendant in the parallel proceeding are the same party; and
6. other circumstances that impact the Board’s exercise of discretion, including the merits.

Id. at 6. In evaluating these factors, the Board takes a holistic view of whether efficiency and integrity of the system are best served by denying or instituting review. *Id.*

II. ANALYSIS

Petitioner contends we misapprehended certain facts in analyzing *Fintiv* factors 3, 5, and 6, which Petitioner argues weighs in favor of instituting *inter partes* review. Reh’g. Req. 2. Petitioner’s contention that we improperly weighed the *Fintiv* factors is, ultimately, a contention that Petitioner would have weighed the factors differently. *Id.* But the weight assigned to the *Fintiv* factors, like the ultimate decision on whether to institute trial, is left to the sound discretion of the Board. *See Deloach v.*

Shinseki, 704 F.3d 1370, 1380 (Fed. Cir. 2013) (finding “the evaluation and weighing of evidence are factual determinations committed to the discretion of the factfinder,” and the factfinder’s weighing of the evidence is reversible error only when the entirety of the evidence leads to a “definite and firm conviction that a mistake has been committed”). Thus, the fact that Petitioner would have us weigh the *Fintiv* factors differently is insufficient to show we erred in our weighing of the factors.

We address Petitioner’s arguments below in correspondence with each argued *Fintiv* factor. The arguments are addressed in the order in which Petitioner argued each factor.

A. Apple v. Fintiv Factor 6 – Other Circumstances That Impact The Board’s Exercise Of Discretion, Including The Merits

Petitioner argues that our analysis of *Fintiv* factor 6 misapplies *Fintiv* and the governing statutes for AIA proceedings by not considering the merits of the Petition. Petitioner contends *Fintiv* “expressly requires the panel to consider the ‘strengths or weaknesses regarding the merits.’” *Reh’g. Req.* 2–3 (citing *Fintiv*, Paper 11 at 15–16). Petitioner argues our analysis did not address the merits of the prior art, claim construction, or positions on patentability such that the Director of the United States Patent and Trademark Office could not determine whether to institute review under 35 U.S.C. § 314(a).

Petitioner further argues that our Decision to Deny Institution conflicts with the statutory purpose of the AIA, because “Congress intended IPRs as ‘a timely, cost-effective alternative to litigation.’” *Id.* at 3–4 (citing Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. 48680 (Aug. 14, 2012)). Petitioner contends

our treatment of this factor opposes this purpose because it encourages parties to “draft long and confusing patent applications; create complex, convoluted prosecution histories with tens of thousands of claims; and engage in large-scale patent assertion campaigns to dissuade post-grant review.” *Id.*

We are not persuaded by Petitioner’s arguments. First, as we noted in our Decision, the Supreme Court and the Federal Circuit have recognized that § 314(a) invests the Director with *discretion* to institute *inter partes* review despite the merits of the petition. *See* Dec. 4; *see also SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348, 1356 (2018) (“[Section] 314(a) invests the Director with discretion on the question *whether* to institute review”); *Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) (“[T]he PTO is permitted, *but never compelled*, to institute an IPR proceeding.”) (emphasis added). That is, § 314(a) constrains the Director’s ability to institute *inter partes* review by preventing him from “authoriz[ing] *inter partes* review . . . unless . . . there is a reasonable likelihood that the petitioner would prevail,” but does not *mandate* the Director to institute *inter partes* review for any reason, including by determining a meritorious petition has been filed.

Second, we have considered Petitioner’s arguments in regard to *Fintiv* factor 6 and disagree that we misapprehended or overlooked this *Fintiv* factor. In the Decision to Deny Institution, we did not consider the merits because we determined after a brief consideration of the prosecution history that “significant resources . . . will be required to resolve issues of claim construction to reach preliminary conclusions on the merits of the Petition.” Dec. 16. Although *Fintiv* provides that review includes a balanced

assessment of all the factors, including the merits, here, even if we assumed that factor 6 weighed toward institution, we would still deny institution because of the significant weight of the other *Apple v. Fintiv* factors against institution in this case. As explained in our Decision to Deny Institution, the goal of the *Fintiv* balanced assessment is to determine “whether efficiency and integrity of the system are best served by denying or instituting review.” Dec. 15 (quoting *Fintiv*, Paper 11 at 6).

In other words, the review of the prosecution history revealed that the merits of the Petition were not so sufficiently clear that we could reach a preliminary conclusion that the merits outweighed the other *Fintiv* factors we considered, such as the resources already expended by the parties and the timing of the district court hearing.

Accordingly, Petitioner has not demonstrated we misapprehended or overlooked any fact in our *Fintiv* factor 6 analysis.

B. Factor 3 – Investment in the Parallel Proceeding by the Court and Parties

Petitioner contends the investment in claim construction in the district court case presents “well-developed” issues for the Board that weigh in favor of institution. Petitioner argues our Decision to Deny Institution misapprehends the analysis outlined in *Fintiv* factor 3 because *Fintiv* does not state expressly that a court’s investment in the claim construction process weighs in favor of discretionary denial. Rather, because both the court and the Board use the same claim construction standard,² Petitioner argues that a court’s investment in claim construction weighs against

² See 37 C.F.R. § 42.100(b) (a claim in an unexpired patent shall be given its broadest reasonable construction in light of the specification). Compare *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005).

discretionary denial as such analysis can be re-used by the Board. Reh’g. Req. 5. Petitioner contrasts this benefit with quickly filed petitions that may require supplemental briefings or proceed beyond institution when they should not have so proceeded. Thus, Petitioner concludes that our weighing of this factor against institution is too generalized, and not sanctioned by *Fintiv*, because it ignores the efficiencies gained by having both parties’ claim constructions addressed. Reh’g. Req. 6 (quoting Decision, 12)

As to the district court’s investment in discovery, Petitioner contends “‘Congress recognized that an instituted IPR proceeding and the associated litigation may involve some amount of duplicative efforts,’ but that alone does not merit discretionary denial.” Reh’g. Req. 8 (quoting *Avi Networks, Inc. v. Citrix Sys., Inc.*, IPR2019-00845, Paper 19 at 6 (PTAB Oct. 1, 2019)).

Petitioner’s suggested approach regarding our weighing of the district court’s claim construction efforts is inconsistent with *Apple v. Fintiv* factor 3. *Apple v. Fintiv* expressly provides that “district court claim construction orders may indicate that the court and parties have invested sufficient time in the parallel proceeding to favor denial.” *Apple v. Fintiv*, Paper 11, 10. In other words, *Apple v. Fintiv* holds that a district court’s claim construction order weighs toward, not against, exercising discretion to deny institution. This is particularly true here, where, as noted in our Institution Decision, the district court issued a 94-page claim construction order. Dec. 12. Furthermore, a *Fintiv* analysis also considers “the amount and type of [all] work already completed” to determine whether “the parallel proceeding is more advanced . . . and instituting would lead to duplicative costs.” *Fintiv*, Paper 11 at 9–10. Our Decision performed such an analysis, finding factor 3 favored denying institution because “the District Court and

the parties have invested significant resources in the district court case on issues of claim construction and validity, including by completing expert discovery on July 8, 2020.” Dec. 12. The issuance of the 94-page claim construction order and the completion of expert discovery on validity, all done in preparation for a trial scheduled to commence less than two months after our Decision was due, is evidence that “the parallel proceeding is more advanced, a stay may be less likely, and instituting would lead to duplicative costs,” all of which are factors that “favor[] denial” because “the court and parties have invested sufficient time in the parallel proceeding to favor denial.” *Fintiv*, Paper 11 at 9–10.

Accordingly, Petitioner has not demonstrated we misapprehended or overlooked any fact in our *Fintiv* factor 3 analysis.

C. Apple v. Fintiv Factor 5 – Whether the Petitioner and the Defendant in the Parallel Proceeding Are the Same Party

Petitioner contends we misapprehended *Fintiv* factor 5 by weighing the parties’ participation in an ongoing, parallel litigation as favoring exercising our discretion to deny institution. Reh’g. Req. 9. Petitioner argues that a similarity in parties should not expressly result in a denial of institution, but may weigh in favor of institution because the AIA “expressly contemplates IPR proceedings as being an alternative to litigation.” Reh’g. Req. 9. Specifically, Petitioner argues that because *Fintiv* never holds that a similarity between parties weighs against institution, we should find this factor is neutral in balancing whether or not to exercise discretion. According to Petitioner, to hold otherwise, would disfavor a party for “merely . . . being a defendant in the district court.” *Id.* at 10.

We disagree with Petitioner’s interpretation of *Apple v. Fintiv* factor 5. Req. Reh’g 9–10. *Apple v. Fintiv* factor 5 does state that “[i]f a

petitioner is unrelated to a defendant in an earlier court proceeding, the Board has weighed this fact against exercising discretion to deny institution.” *Apple v. Fintiv*, Paper 11, 13–14. *Apple v. Fintiv* also states, however, that “if the issues are the same as, or substantially similar to, those already or about to be litigated, or other circumstances weigh against redoing the work of another tribunal, the Board may . . . exercise the authority to deny institution.” *Id.* at 14. Here, exercising our discretion to deny institution because Petitioner and Patent Owner are the same parties in district court litigation fulfills that objective of *Fintiv*. Thus, we disagree with Petitioner’s contention that *Apple v. Fintiv* holds that the same parties in this and the district court proceeding is neutral or weighs in favor of institution when considered together with the other *Apple v. Fintiv* factors. Since Petitioner has not shown that the parties and issues with respect to patentability and validity in this and the district court proceeding are different, we correctly concluded in our Decision to Deny Institution (*see* Dec. 14) that the circumstances here would amount to redoing the work of the District Court at least as to claim construction. We, thus, properly weighed *Apple v. Fintiv* factor 5 against institution in our Decision to Deny Institution.

Accordingly, Petitioner has not demonstrated we misapprehended or overlooked any fact in our *Fintiv* factor 5 analysis.

D. Balancing the Fintiv Factors for Abuse of Discretion

We have considered carefully the arguments and evidence before us in view of the *Fintiv* factors upon which Petitioner argues we erred in our Decision to Deny Institution. As we discussed previously, our analysis is fact driven, and no single factor is determinative of whether we exercise our

discretion to deny institution under § 314(a). *Fintiv* factor 6 does not weigh in favor of institution because the strength of the merits are not clear. In any case, we considered all factors, including the investment in claim construction and discovery, the pending trial date,³ and the fact that there is no difference between the parties, and concluded that the balance of the *Fintiv* factors weighed in favor of exercising our discretion to deny institution. Petitioner's arguments show no misapprehension of the *Fintiv* factors.

For the same reasons discussed in the Decision to Deny Institution, Petitioner's Request for Rehearing does not persuade us that we should have instituted Petitioner's request for *inter partes* review. Furthermore, we note that merely disagreeing with our analysis, conclusions, or weighing of the *Apple v. Fintiv* factors in our Decision to Deny Institution does not serve as a proper basis for rehearing that Decision, because it does not show that we overlooked or misapprehended any matter. Thus, Petitioner has not carried its burden of demonstrating that the Board's Decision to Deny Institution should be modified. *See* 37 C.F.R. § 42.71(d).

III. CONCLUSION

For the reasons expressed above, we determine Petitioner has failed to demonstrate error or an abuse of discretion in our Decision to Deny

³ We note that trial was set originally for October 19, 2020. Reply 1. Petitioner argues that this date is not fixed, and noted it filed a Writ of Mandamus with the United States Court of Appeals for the Federal Circuit to correct what Petitioner contends is an erroneous venue finding by the district court and stay the litigation. *Id.*; Exhibit 1027. The Federal Circuit denied that Writ on September 18, 2020. *See In re Google LLC*, Case 20-144 (Fed. Cir. 2020).

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Institution. Accordingly, we decline to change our Decision to Deny Institution and, thus, deny Petitioner's Request for Rehearing.

IV. ORDER

For the reasons given, it is:

ORDERED Petitioner's Request for Rehearing of the Decision to Deny Institution is *denied*.

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