

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GOOGLE LLC,
Petitioner,

v.

PERSONALIZED MEDIA COMMUNICATIONS, LLC,
Patent Owner.

IPR2020-00720
Patent 8,601,528 B1

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

JURGOVAN, *Administrative Patent Judge*.

DECISION

Denying Petitioner's Request for 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 requesting *inter partes* review of claims 21–29, 32, and 37–39 of U.S. Patent No. 8,601,528 B1 (Ex. 1001, “the ’528 patent”) on March 21, 2020. Paper 1 (“Pet.”), 1. Personalized Media Communications, LLC (“Patent Owner”) filed a Preliminary Response on June 24, 2020. Paper 7 (“Prelim. Resp.”). In its Preliminary Response, Patent Owner indicated disclaimer of claims 28 and 29. *See* Prelim. Resp. 9; Ex. 2003. Thus, this proceeding involves only claims 21–27, 32, and 37–39 (“the challenged claims”).

In its Preliminary Response, Patent Owner requested discretionary denial under 35 U.S.C. § 314(a) due to an upcoming district court trial. *See* Prelim. Resp. 2–12. By Order entered July 28, 2020, we authorized filing of a Petitioner Reply and Patent Owner Sur-Reply to brief the issue of discretionary denial. Paper 11. Petitioner filed its Reply to the Preliminary Response on August 7, 2020. Paper 12 (“Reply”). Patent Owner filed its Sur-Reply to Petitioner’s Reply on August 17, 2020. Paper 14 (“Sur-Reply”).

After consideration of the briefings and evidence, we addressed the factors in *Apple Inc. v. Fintiv, Inc.*, IPR2019-00019, Paper 11 at 5–6 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv*”) and exercised our discretion to deny *inter partes* review under 35 U.S.C. § 314(a) in our Decision entered August 31, 2020. Paper 16 (“Dec.”). Petitioner filed a Request for Rehearing of our Decision asserting that we misapprehended certain *Fintiv* factors on September 30, 2020. Paper 18 (“Req. Reh’g”). For the reasons expressed below, we deny the Request for Rehearing.

B. Standard of Review

When rehearing a decision on a 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) (internal citations omitted). The party challenging the decision has the burden of showing a 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 58

(Nov. 2019)¹ (“TPG”). 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 considerations of system efficiency, fairness, and patent quality. *See Fintiv*, Paper 11 at 5–6. 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. [“I]n 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 misapplied *Fintiv* factors 3, 5 and 6 and “made several errors of law.” Req. Reh’g 2. Petitioner asserts that “proper analysis of these factors weighs against the Board exercising its discretion to deny

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

institution.” *Id.* Petitioner contends “the Board should reverse the Institution Decision and institute review of the ’528 patent.” *Id.*

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 analyze Petitioner’s contentions for *Fintiv* factors 3, 5 and 6 sequentially below.

A. Fintiv Factor 3—Investment in the Parallel Proceeding by the Court and Parties

Petitioner contends “[t]he Board’s application of factor 3 misapprehends the analysis outlined in *Fintiv*.” Req. Reh’g 4. Specifically, Petitioner contends a “[district court’s] claim construction process [does not] necessarily weigh in favor of discretionary denial.” *Id.* According to Petitioner, a “district court’s investment in claim construction will often weigh against discretionary denial, rather than for it, because the claim construction analysis can be directly used and considered by the Board, resulting in a more developed record early in an IPR proceeding.” *Id.* at 5.

Petitioner’s “nuanced approach” is inconsistent with *Fintiv* factor 3. *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.” *Fintiv*, Paper 11, 10. In other words, *Fintiv* holds that a district court’s investment in issuing a claim construction order weighs toward, not against, exercising discretion to deny institution. This is particularly true here, where, as noted in our Decision, the district court issued a 94-page claim construction order. Dec. 7.

Petitioner contends “any work done in the district court proceeding can be reviewed and considered by the Board under the same [*Phillips*] standards.” Req. Reh’g 5. However, such review and consideration would necessarily duplicate the efforts that the district court has already undertaken, and is thus an inefficient use of judicial resources. Petitioner’s contention is faulty for this additional reason.

Petitioner states that its delay in filing its Petition allowed it to address both parties’ claim constructions in its Petition. Req. Reh’g 6–7. While the delay may have benefited Petitioner in this way, its interests are not the sole interests at stake in this proceeding. *Fintiv* provides that “it may impose unfair costs to a patent owner if the petitioner, faced with a looming trial date, waits until the district court trial has progressed significantly before filing a petition at the Office.” *Fintiv*, Paper 11, 11. Petitioner’s contention does not address the cost and burden imposed on Patent Owner by its delay in filing its Petition.

Furthermore, Petitioner does not “explain facts relevant to timing” or indicate that it filed the Petition “promptly after becoming aware of the claims being asserted.” *Id.* To the contrary, it appears Petitioner was aware of the claims asserted and presented invalidity contentions against those claims, and then waited a significant amount of time until learning of Patent

Owner's claim constructions before filing the Petition. *See* Ex. 1003 (Proof of Service of Complaint in District Court Litigation dated March 21, 2019); Ex. 1015 (Invalidity Contentions dated September 13, 2019); Ex. 1009 (Joint Claim Construction Chart in District Court Litigation dated February 13, 2020). *Fintiv* weighs factor 3 against institution in this situation. *See Fintiv*, Paper 11 at 11–12 (“If, however, the evidence shows that the petitioner did not file the petition expeditiously, such as at or around the same time that the patent owner responds to the petitioner’s invalidity contentions, or even if the petitioner cannot explain the delay in filing its petition, these facts have favored denial.”). Due to Petitioner’s unexplained delay, the District Court Litigation was on the eve of trial, so that the Board did not rely solely on the investment in claim construction as the basis for its weighing of *Fintiv* factor 3, but it also relied on substantial investment made in the District Court Litigation on expert discovery. Dec. 7–8.

Accordingly, Petitioner fails to identify any matters that we misapprehended or overlooked in our Decision (*see* Dec. 7–8) with respect to *Fintiv* factor 3.

B. Apple v. Fintiv Factor 5—Whether the Petitioner and Defendant in the Parallel Proceeding are the Same Party

Petitioner contends we misapprehended the *Fintiv* decision in our analysis of factor 5. Req. Reh’g 9–10. Petitioner contends “a *dissimilarity* in the parties may *favor* institution” but “never holds that *similarity* between the parties weighs *against* institution.” *Id.* at 9. Petitioner contends “factor 5 should be at worst neutral when the parties are the same, if not weigh in favor of institution.” *Id.* at 10.

We disagree with Petitioner’s interpretation of *Fintiv* factor 5. Req. Reh’g 9–10. *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.” *Fintiv*, Paper 11 at 13–14. However, *Fintiv* also states 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. Thus, we disagree with Petitioner’s contention that *Fintiv* holds that the same parties in this and the district court proceeding is neutral or weighs for institution when considered together with the other *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 (*see* Dec. 9) that the circumstances here would amount to redoing the work of the District Court at least as to claim construction. We, thus, properly weighed *Fintiv* factor 5 against institution in our Decision.

Accordingly, Petitioner does not demonstrate we misapprehended or overlooked any matters in our Decision (*see* Dec. 9) with respect to *Fintiv* factor 5.

C. Fintiv Factor 6—Other Circumstances that Impact the Board’s Exercise of Discretion, Including the Merits

Petitioner contends that *Fintiv* factor 6 and 35 U.S.C. § 314(a) require that we consider “the strengths and weaknesses regarding the merits.” Req. Reh’g 2–4. In the Institution Decision, 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. 11. Although *Fintiv* provides that a 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 *Fintiv* factors against institution in this case. As explained in our Decision, 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. 5 (citing *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.

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.

As we also noted in our Decision, *Fintiv* does not require us to consider the merits of the petition in isolation, but instead requires us to

consider the merits as “part of a balanced assessment of all the relevant [*Fintiv*] factors in the case,” which “is not to suggest that a full merits analysis is necessary.” Dec. 10 (quoting *Fintiv*, Paper 11 at 15–16). Our Decision does that by (a) recognizing the significant resources needed to reach even preliminary conclusions on the merits, (b) balancing the needed resources against the significant resources already expended by the parties and the District Court, and (c) recognizing the inefficiency of performing a full merits analysis to determine whether the merits outweigh the other *Fintiv* factors when the District Court will likely have performed a full merits analysis and issued a final decision more than 10 months before we can do so. *Id.* at 11.

Patent Owner has not shown any error in that analysis. *See* Reh’g Req. 2–4. Patent Owner’s argument that *Fintiv* requires a full merits analysis is contrary to the language of § 314(a), as that language has been interpreted by the Supreme Court and Federal Circuit, and is contrary to *Fintiv* itself. As discussed above, the need to conduct a full merits analysis is a *constraint* on the Director’s ability to institute *inter partes* review rather than a *mandate* to institute any review warranted by the merits of a petition. *See* 35 U.S.C. § 314(a); *SAS* 138 S. Ct. at 1356; *Harmonic*, 815 F.3d at 1367. Recognizing this, *Fintiv* finds the merits should be considered as part of a balanced assessment of all relevant factors, which “is not to suggest that a full merits analysis is necessary to evaluate this factor.” *Fintiv*, Paper 11 at 15.

Petitioner further contends our Decision declining to institute *inter partes* review “conflicts with the statutory purpose of the AIA” to provide “timely, cost-effective alternative to litigation.” Reh’g 3–4 (citing 77

Fed. Reg. 48680 (Aug. 14, 2012)). However, Petitioner allowed the District Court proceeding to progress as far as it did before seeking *inter partes* review. Consequently, the review sought would no longer be a timely and cost-effective alternative, but would instead involve significant duplication of work, such as claim construction and expert discovery, which the District Court has already completed. *See* Ex. 1019 (District Court’s Claim Construction Memorandum Opinion and Order).

Petitioner contends our treatment of *Fintiv* factor 6 “encourages parties to proceed like PMC: 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.” Req. Reh’g 4. We are aware of no reason, however, why Petitioner could not seek redress before the District Court if its allegations of abusive conduct are substantiated there.

Accordingly, Petitioner does not demonstrate we misapprehended or overlooked any matters in our Decision (*see* Dec. 9–11) with respect to *Fintiv* factor 6.

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,² 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 Institution Decision. Accordingly, we decline to change our Institution Decision and, thus, deny Petitioner's Request for Rehearing.

² 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).

IV. ORDER

For the reasons given, it is:

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

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