

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

U.S. VENTURE, INC.,
Petitioner,

v.

SUNOCO PARTNERS MARKETING & TERMINALS L.P.,
Patent Owner.

IPR2020-00728
Patent 9,207,686 B2

Before BARRY L. GROSSMAN, JON B. TORNQUIST, and
BRENT M. DOUGAL, *Administrative Patent Judges*.

DOUGAL, *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

On October 1, 2020, we issued a Decision Denying Institution of *Inter Partes* review of claims 16–17 (the “challenged claims”) of U.S. Patent No. 9,207,686 B2 (“the ’686 patent”). Paper 10 (“Decision” or “Dec.”). In the Decision, we considered the relevant circumstances of the case, including the merits and the advanced state of a parallel district court proceeding, and ultimately exercised our discretion to deny institution under 35 U.S.C. § 314(a). Dec. 7–14; *see also Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 5 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv*”).

On November 2, 2020, U.S. Venture, Inc. (“Petitioner”) filed a Request for Rehearing of our Decision. Paper 11 (“Rehearing Request” or “Reh. Req.”). Petitioner seeks reconsideration of our Decision for the following reasons:

- (1) the Board misapprehended the anticipated trial date for the court proceeding;
- (2) the Board overlooked the fact that similar denials the Board has made were based on trials of parallel litigations with expected dates that did not actually take place on those dates or, in some cases, still have not taken place;
- (3) the merits are not a close call; and
- (4) the *Fintiv* rule adopted by the PTAB is unlawful and invalid.

Id. at 1 (paragraphing added).

For the reasons explained below, Petitioner’s Rehearing Request is *denied*.

II. LEGAL STANDARD

When rehearing a decision on institution, the Board reviews the decision for an abuse of discretion. 37 C.F.R. § 42.71(c). An abuse of discretion may arise if the decision is based on an erroneous interpretation of law, if a factual finding is not supported by substantial evidence, or if an unreasonable judgment is made in weighing relevant factors. *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 burdens and requirements of a request for rehearing are stated in 37 C.F.R. § 42.71(d):

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.

Thus, a request for rehearing is not an opportunity to present new arguments or evidence or merely to disagree with the panel’s assessment of the arguments or weighing of the evidence.

III. ANALYSIS

A. Anticipated trial date for the parallel court proceeding

Petitioner argues that “[t]he Board abused [its] discretion by misapprehending the anticipated trial date” of the parallel District Court proceeding. Reh. Req. 2.

In our Decision, we determined that “[t]hough the exact date of trial [of the parallel District Court proceeding] is not set,” the evidence of record both showed that even with the Coronavirus pandemic, “the proceeding has

not been sidelined or halted, and continues to move towards trial” and that the evidence laid out an approximate time frame for when the trial would likely be held. Dec. 9 (citing Ex. 2003); *see also id.* at 8–9 (citing PO Resp. 35; Ex. 1026) (Discussing the Court’s Procedures and timeline for trial after the docket call). Thus, we determined that this factor favored denying institution under our analysis of the factors under *Fintiv. Id.* at 9.

Petitioner argues that “[t]he Board misapprehended the anticipated trial date by: making assumptions about the court’s availability to conduct a trial of the parallel case (especially in light of backlog of trials caused by the coronavirus).” Reh. Req. 4. In support, Petitioner cites a Seventh Supplemental Order regarding the COVID-19 pandemic from the Southern District of Texas dated September 17, 2020 (Ex. 1042). The order gives some guidelines for how the District Court will conduct jury trials “to minimize the risk of COVID-19 exposure” (*id.* at 1) and Petitioner argues that based on the provisions therein “it is unclear when the parallel court trial will take place” (Reh. Req. 4).

It is unclear how we could have misapprehended or overlooked this evidence which was available, but not of record, when we issued our Decision. The Supplemental Order from the Southern District of Texas issued approximately two weeks before our Decision. Petitioner does not explain why it did not attempt to enter this evidence into the record until after the mailing of our Decision.

Further, though Petitioner argues that we made improper assumptions, Petitioner’s argument is based on assumptions which are not supported by record evidence, including the Supplemental Order. Petitioner would have us make “assumptions about the court’s availability to conduct a trial of the parallel case.” Reh. Req. 4. Petitioner also would have us make assumptions

about the presence of a “backlog of trials caused by the coronavirus” and about the District Court’s ability to proceed with its docket. *Id.* However, as noted above, at the time of the Decision, we determined that the evidence showed that even with the Coronavirus pandemic, “the proceeding has not been sidelined or halted, and continues to move towards trial” and that the evidence laid out an approximate time frame for when the trial would likely be held. Dec. 9. Petitioner’s untimely evidence does not change those determinations.

Petitioner also cites a newly issued revised scheduling order to show that we misapprehended the trial date. For example, the deadline for all “Dispositive and Non-Dispositive Motions” has been moved from February 19, 2021 to March 26, 2021. *Compare* Ex. 2003, 2 (Date #25) *with* Ex. 1046, 2 (Date # 25). However, this evidence continues to show that “the proceeding has not been sidelined or halted, and continues to move towards trial.” Dec. 9.

Petitioner also argues that “[t]he Board misapprehended the anticipated trial date by: . . . making assumptions about the availability of counsel and the witnesses.” Reh. Req. 4. Though Petitioner did previously state that the District Court trial date would be set at a time that would “accommodate the schedules of counsel and witnesses,” (Pet. 71) Petitioner does not identify what it is that we misapprehended or overlooked in this regard. It is natural that some assumptions will have to be made when considering the timeline of a parallel proceeding. However, Petitioner does not identify any evidence of record or argument previously made showing

what we misapprehended or overlooked concerning the availability of counsel and the witnesses.¹

B. Similar denials

Petitioner next argues that we “overlooked the fact that many of the institution denials the Board has made were based on trials of parallel litigations with expected dates that did not actually take place on those dates or, in some cases, still have not taken place.” Reh. Req. 4. This argument was not previously presented and thus this argument by Petitioner does not identify an issue that we misapprehended or overlooked in the Decision. *See* 37 C.F.R. § 42.71(d).

C. The Merits

In our Decision, we determined that the merits were a close call based on the preliminary record and that this combined with the other factors favored denying institution. Dec. 12–14. Petitioner disagrees.

We previously determined that Patent Owner presented a credible argument concerning the construction of the term “in-line blending.” *Id.* at 13.

Petitioner argues that “[i]n order for the Board to adopt Patent Owner’s proposed claim construction, it would have to find the preamble limiting.” Reh. Req. 7. Though not stated, Petitioner is presumably taking the position that the preamble, including the term “in-line blending” is a non-limiting aspect of the claim. Though our Decision did not make an initial determination on whether the preamble is limiting, we note that the

¹ We also note that under *Fintiv*, when considering whether to exercise discretion to deny institution under 35 U.S.C. § 314(a), the trial date is only one of the six factors considered under a holistic view of the relevant circumstances of the proceeding. No one factor is controlling.

Petition proceeds as if the preamble is limiting. *See* Pet. 33–34; Prelim. Resp. 10 n.4. Thus, as this argument was not previously presented, Petitioner does not identify an issue that we misapprehended or overlooked in the Decision.

Petitioner also argues that the '686 patent Specification does not support Patent Owner's construction of the term "in-line blending." Reh. Req. 7–8. Petitioner identifies a paragraph from the Specification that uses the term "in-line blending" and distinguishes it from Patent Owner's construction. *Id.* at 8. Not only is this a new argument, but it also does not reduce the credibility of Patent Owner's position. We previously noted that Patent Owner cited multiple locations in the Specification that support its claim construction and that

Patent Owner provide[s] in-depth analysis of the present claim limitation ("in-line blending") to the facts of the Federal Circuit's opinion in *SciMed Life Sys., Inc. v. Advanced Cardiovascular Sys., Inc.*, 242 F.3d 1337 (Fed. Cir. 2001), where the Court limited the claims to a particular embodiment disclosed in the Specification where the claims could have been read to cover other embodiments. Prelim. Resp. 12–13.

Dec. 13. Petitioner's argument both does not address these findings and does not show that we misapprehended or overlooked any issue in this regard.

We also previously determined that Patent Owner presented credible arguments that the Petition does not include sufficient reasoning to combine the references or further modify them to obtain all of the limitations of the claims. *Id.*

In particular, we noted and found credible that

Patent Owner points to a lack of sufficient evidence to support Petitioner's position that a person of skill in the art would modify Feld and Hoffman's teachings to use unblended flow rates in the calculations necessary for the compensation process. *Id.* at 19,

21–22. Patent Owner identifies that Hoffman teaches that the flow rates are “affect[ed] to a *considerable extent*” “*during* blending.” *Id.* at 21–22 (quoting Ex. 1024, 3:74–4:3).

Dec. 13.

Petitioner argues that “Patent Owner’s arguments are not relevant” to the proposed combination. Reh. Req. 9. We disagree.

Petitioner acknowledges that the proposed combination of the references relies on “us[ing] the cumulative totals of the flow rates of the unblended components in the Hoffman compensation process” (*id.*), however Patent Owner identifies that Hoffman appears to teach away from using the flow rates of the unblended components in its calculations because of the uncertainty in the flow rate of the blended line. Prelim. Resp. 19, 21–22.

Contrary to Petitioner’s position, it is not Patent Owner’s burden to show why “a person of ordinary skill in the art would be discouraged from measuring flow rates upstream for use in the Hoffman compensation process” (Reh. Req. 9), but rather, Petitioner bears the burden to show why a person of ordinary skill in the art would measure flow rates upstream for use in the Hoffman compensation process in view of the all of the teachings of the references (35 U.S.C. § 314(a) (Institution only authorized if “the information presented in the petition . . . shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.”))).

Petitioner’s arguments do not show that we misapprehended or overlooked any issue concerning the merits. In sum, Petitioner’s argument merely reflects a difference of opinion as to how to interpret the evidence or

the weight to accord certain evidence, none of which demonstrates that we misapprehended an argument or overlooked evidence.

D. The Fintiv Factors

Petitioner argues that the analysis outlined in *Fintiv* “is unlawful and invalid for multiple reasons.” Reh. Req. 9. Before addressing Petitioner’s particular arguments, we review the Director’s authority to institute or deny institution of *inter partes* reviews, which has been delegated to the Board.

The America Invents Act of 2011 (“AIA”), Pub L. No. 112-29, 125 Stat. 28 (Sept. 16, 2011), commits the decision of whether to institute *inter partes* review to the Director’s unreviewable discretion, even if the merits of the petition warrant institution. *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140 (2016) (explaining that the statute contains “no mandate to institute review”); *see also SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1356 (2018) and *Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 138 S. Ct. 1365, 1371 (2018) (interpreting § 314(a) as committing the decision whether to institute *inter partes* review to the Director’s discretion). The Director has delegated the authority to institute to the Board. *See* 37 C.F.R. § 42.4(a) (the “Board institutes the trial on behalf of the Director”); *see also Ethicon Endo-Surgery, Inc. v. Covidien LP*, 812 F.3d 1023, 1031–1033 (Fed. Cir. 2016) (determining that the Director has authority to delegate *inter partes* review institution decisions to the Board). *Fintiv* is a precedential decision that is binding in Board proceedings, and should be considered when determining whether to exercise discretion to deny institution under 35 U.S.C. § 314(a).

1. Petitioner’s Arguments

Petitioner provides three reasons why *Fintiv* is improper. First, Petitioner argues that “the AIA . . . explicitly provides for one year to file a

petition for IPR after service of a patent infringement complaint.” Reh. Req. 10 (citing 35 U.S.C. § 315(b)). Second, Petitioner argues that *Fintiv* “requires the Board to engage in speculation as to the likely course of parallel district court litigation.” *Id.* And third, Petitioner argues that this type of rule must be promulgated “through notice-and-comment rulemaking.” *Id.* at 11. We address each argument below.

Petitioner argues that “the AIA . . . explicitly provides for one year to file a petition for [*inter partes* review] after service of a patent infringement complaint.” Reh. Req. 10 (citing 35 U.S.C. § 315(b)). Thus, Petitioner states that *Fintiv* “is unlawful and invalid because it is a final agency action ‘in excess of statutory jurisdiction, authority, or limitations or short of statutory right.’” *Id.* (quoting 5 U.S.C. § 706(2)(C)).

35 U.S.C. § 315(b) states that “[a]n *inter partes* review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner . . . is served with a complaint alleging infringement of the patent.” Though the statute provides a limit on institution, it does not require institution of a *inter partes* review as argued by Petitioner. Rather, the Courts have previously determined that there is no requirement that the Director institute an *inter partes* review. *Cuozzo*, 136 S. Ct. at 2140 (explaining that the statute contains “no mandate 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.”); *see also Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15 at 11–12 (PTAB May 13, 2020) (informative) (decision denying institution addressing the same policy arguments).

Next, Petitioner argues that *Fintiv* “requires the Board to engage in speculation as to the likely course of parallel district court litigation.” Reh.

Req. 10. Thus, Petitioner states that *Fintiv* “is a final agency action that is ‘arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law.’” *Id.* (quoting 5 U.S.C. § 706 (2)(A)). Petitioner further argues that *Fintiv*

requires the Board to engage in speculation as to the likely course of parallel district court litigation, the factors are vague and malleable, and it produces irrational, unpredictable, and unfair outcomes. For example, the outcome is often determined by the speed of the particular court and, more recently, could be determined by the speed and capacity of the particular court to resume trials and catch up given the backlog of trials during the coronavirus pandemic.

Id.

Though Petitioner argues that *Fintiv* “requires the Board to engage in speculation,” Petitioner does not actually address the underlying facts of the case, or explain why reliance on the approximate timeline provided in the District Court’s scheduling order is improper speculation. *See* above § III.A. As noted above, at the time of the Decision, we determined that the evidence showed that even with the Coronavirus pandemic, “the proceeding has not been sidelined or halted, and continues to move towards trial” and that the evidence laid out an approximate time frame for when the trial would likely be held. Dec. 9. Petitioner does not address why this amounts to improper speculation or why it is “vague and malleable” or “irrational, unpredictable, and unfair” so as to be “not in accordance with law.” Reh. Req. 10.

Petitioner also argues that the rule in *Fintiv* must be promulgated “through notice-and-comment rulemaking.” *Id.* at 11. This is “because it is a substantive rule that alters the rights and interests of [*inter partes* review] petitioners by permitting the Board to deny institution of [*inter partes* review] based on parallel litigation.” *Id.* However, as already addressed, the

Courts have already determined that there is no requirement that the Director institute an *inter partes* review. *Cuozzo*, 136 S. Ct. at 2140 (explaining that the statute contains “no mandate to institute review”); *Harmonic*, 815 F.3d at 1367 (“[T]he PTO is permitted, but never compelled, to institute an IPR proceeding.”). Thus, Petitioner does not establish what right or interest is violated by *Fintiv*’s setting forth guidelines the Board considers when determining whether to exercise discretion to deny institution under 35 U.S.C. § 314(a).

Thus, for all of these reasons we are not convinced that Petitioner has provided sufficient reason for us to reconsider our denial of institution.

IV. CONCLUSION

For the forgoing reasons, Petitioner has not shown that we abused our discretion in denying the Petition. Accordingly, the Request for Rehearing is denied.

V. ORDER

It is hereby:

ORDERED that Petitioner’s Request for Rehearing is *denied*.

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