

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GODBERSEN-SMITH CONSTRUCTION COMPANY
d/b/a GOMACO CORPORATION,
Petitioner,

v.

GUNTERT & ZIMMERMAN CONST. DIV., INC.,
Patent Owner.

Case PGR2024-00026
U.S. Patent No. 11,772,723

**PATENT OWNER'S REQUEST FOR DIRECTOR REVIEW
PURSUANT TO 37 C.F.R. § 42.75**

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I. INTRODUCTION

Pursuant to 37 C.F.R. § 42.71(d) and 37 C.F.R. § 42.75, Guntert & Zimmerman Const. Div., Inc., (“Patent Owner” or “G&Z”) respectfully requests Director Review and reversal or vacatur of the Decision Granting Institution of Post-Grant Review of claims 1-7 of U.S. Patent No. 11,772,723 B2 (Paper 11, “DI”) because the ’723 Patent is a pre-AIA patent and, therefore, ineligible for post-grant review.

The panel overlooked and did not address G&Z’s argument that collateral estoppel bars Petitioner’s attempt to relitigate the issue of whether or not U.S. Patent No. 9,908,571 (“the ’571 Patent”)—an ancestor of the ’723 Patent—is an AIA patent. This exact issue was raised by Petitioner, actually litigated by the parties, and decided against Petitioner in the Decision Denying Institution of *Inter Partes* Review in Case No. IPR2021-00135 (Ex. 2001, the “-00135 Decision”). Instead of considering G&Z’s collateral estoppel argument, the panel determined that it “[did] not need to reach the issue of whether collateral estoppel applies.” DI at 12. But collateral estoppel is not an optional doctrine that the Board has discretion to ignore; it operates to simultaneously *protect* the prevailing party (G&Z) and *bar* the losing party (Petitioner) whenever the requirements for collateral estoppel are met. G&Z respectfully requests that the Director vacate the Institution Decision and either

decide in favor of G&Z on the present, well-developed record or remand the case to the Board to evaluate this issue in the first instance.

Relatedly, the panel's justification for ignoring G&Z's collateral estoppel argument overlooked and did not address several other record arguments. *Id.* ("As we did in the affirmed Final Written Decision of IPR20201-00136 [sic], 'we conclude that at least claim 8 of the '571 patent has an effective filing date of June 14, 2017' in this proceeding."). While it is unclear whether the panel (1) intended to give collateral estoppel effect to its decision in IPR2021-00136 or (2) re-decided this issue on the merits, the decision must be vacated because the panel did not address G&Z's arguments addressing either possibility. In the POPR and preliminary Sur-Reply, G&Z argued—and Petitioner did not dispute—that collateral estoppel could not attach to the decision in IPR2021-00136 because the parties did not actually litigate the issue in that case. Paper 8 ("POPR") at 9-12; Paper 10 ("Sur-Reply") at 4-5. Further, if the panel's statement is taken to mean that it was re-considering this issue on the merits, the Director must vacate the decision because Petitioner did not actually raise this issue on the merits in this case.

Finally, the Board's determination that the '723 Patent is an AIA patent (and therefore eligible for PGR) based on a purported written description defect in the '723 Patent itself is wrong as a matter of law. The Board overlooked and did not address G&Z's argument that amendments adding new matter to a transition

application (other than via a preliminary amendment filed on the same day as the transition application) do not transform the transition application from a pre-AIA application into an AIA application. Manual of Patent Examining Procedure (“MPEP”) § 2159.02; POPR at 12-13.

II. LEGAL STANDARD

A request for Director Review of an Institution Decision shall be limited to decisions presenting (a) an abuse of discretion or (b) important issues of law or policy. “An abuse of discretion occurs where the decision is based on an erroneous interpretation of the law, on factual findings that are not supported by substantial evidence, or represents an unreasonable judgment in weighing relevant factors.” *Star Fruits S.N.C. v. United States*, 393 F.3d 1277, 1281 (Fed. Cir. 2005) (citing *Arnold P’ship v. Dudas*, 362 F.3d 1338, 1340 (Fed. Cir. 2004)).

III. QUESTIONS PRESENTED

This Director Review Request raises three questions of exceptional importance to practitioners and the Office:

1. Do decisions denying institution of *inter partes* review give rise to collateral estoppel when all requirements for collateral estoppel are met?
2. Can the Board give preclusive effect to a prior decision without establishing that collateral estoppel is appropriate?
3. Does an amendment in a transition application that adds new matter in contravention of 35 U.S.C. § 112 transform that application from a pre-AIA application to an AIA application?

IV. STATEMENT OF THE CASE

The '723 Patent is a descendent of the '571 Patent, which was the subject of two prior AIA challenges brought by Petitioner. In IPR2021-00135, Petitioner argued that the '571 Patent claimed subject matter that was not supported by the earliest application in its priority chain and attempted to cite one of those ancestral applications, U.S. Patent Application Publication No. 2011/0236129 to Guntert et al. ("Guntert"), as prior art. *See* Ex. 2002 at 8-23.

In response, G&Z filed a Preliminary Response identifying where each challenged limitation was found in the ancestral applications. *See* Ex. 2004 at 11-31. The Board agreed with G&Z on all points, including that the subject matter of Dependent Claim 8 of the '571 Patent enjoyed written description support, making the '571 Patent a pre-AIA patent. -00135 Decision at 12 (finding that "Patent Owner detail[ed] where and how Guntert discloses each of the limitations Petitioner lists" and that the Board was "satisfied that Patent Owner has demonstrated sufficient written description support for Petitioner's listed limitations").

Petitioner also challenged the validity of the '571 Patent in IPR2021-00136. In that case, Petitioner only challenged the effective filing date of Dependent Claim 8. *See* Petition, No. IPR2021-00136, Paper 1 at 102-03. Rather than contesting this dependent claim issue, which the Board already resolved in G&Z's favor in IPR2021-00135, G&Z focused its arguments during the trial instituted in that case

on the patentability of the independent claims. In its Final Written Decision, the Board credited Petitioner's argument that Claim 8 was only entitled to an effective filing date of June 14, 2017, in view of G&Z's decision not to contest Petitioner's argument. Ex. 1037 at 10-11 ("-00136 Decision").

In this case, Petitioner asserted that the '723 Patent is an AIA patent (and therefore eligible for PGR) on the basis that the Board previously found that Claim 8 of the '571 Patent has an effective filing date later than March 15, 2013. Paper 1 ("Petition") at 118-19. In the Preliminary Response, G&Z argued (1) that collateral estoppel from IPR2021-00135 barred Petitioner's attempt to relitigate the effective filing date of Claim 8 of the '571 Patent, (2) collateral estoppel does not attach to the Final Written Decision in IPR2021-00136 because the parties did not actually litigate the issue in that case, and (3) if the Board did not apply collateral estoppel from either earlier decision, that it must reject Petitioner's argument because it did not attempt to meet its burden to establish, in this case, that Claim 8 has an effective filing date after March 15, 2013. POPR at 5-13. In response, Petitioner requested an opportunity to respond to G&Z's argument that it was collaterally estopped from re-litigating the pre-AIA status of the '571 Patent, and G&Z did not oppose Petitioner's request.

In its Reply, Petitioner first argued that collateral estoppel could not attach to the -00135 IPR, allegedly because an "institution decision cannot give rise to

collateral estoppel as a matter of law.” Paper 9 (“Reply”) at 1; *id.* at 2 (“[B]ecause the Federal Circuit lacked authority to rule on any appeal Gomaco might have filed regarding the Board’s findings in the IPR2021-00135 institution decision, that decision cannot have preclusive effect.”). In Sur-Reply, G&Z pointed out that Petitioner misstated the law, which only exempts decisions from the general rule of issue preclusion if “the party who lost on that issue is . . . disabled as a matter of law from obtaining review by appeal **or, where appeal does not lie**, by injunction, **extraordinary writ**, or statutory review procedure.” Sur-Reply at 1-2 (quoting Restatement (Second) of Judgments § 28 cmt. *a* (1982)). Because Petitioner could have filed an “extraordinary writ” (*i.e.*, a Writ of Mandamus) challenging the Board’s determination of this issue, G&Z argued, collateral estoppel attaches to the decision. Sur-Reply at 2.

Next, Petitioner argued that the issue was not “actually litigated” in IPR2021-00135 because the Board found written description support for the challenged limitations “due to the ‘absence of any explanation from Petitioner.’” Reply at 4 (quoting -00135 Decision at 12). In the Sur-Reply, G&Z pointed out that “a determination giving rise to collateral estoppel ‘may be based on a failure of pleading or of proof as well as on the sustaining of the burden of proof.’” Sur-Reply at 3 (citing Restatement § 27 cmt. *d*). The critical question is whether the parties *contested* the issue, not whether the party with the burden of proof met its burden.

Id. at 3-4 (citing Restatement § 27 cmt. *e* (an issue is not actually litigated when a party does not “contest an assertion”)).

Although Petitioner now admits that it did not raise a “meaningful challenge” (Reply at 3) in IPR2021-00135, this issue was “actually litigated” under these accepted principles. Petitioner raised the issue, G&Z contested it, and the panel decided the issue in G&Z’s favor. In any event, the -00135 Institution Decision did not rest solely on Petitioner’s failure to meet its burden of proof. -00135 Decision at 12 (explaining that “Patent Owner detail[ed] where and how Guntert discloses each of the limitations Petitioner lists” and that the Board was “satisfied that Patent Owner has demonstrated sufficient written description support for Petitioner’s listed limitations”).

Rather than consider these arguments, the Board stated that “we do not need to reach the issue of whether collateral estoppel applies.” DI at 12. The Board did not explain what legal principle allowed it to bypass G&Z’s collateral estoppel arguments or what legal principle (if not collateral estoppel) allowed it to credit the decision in IPR2021-00136 without reevaluating the underlying issue on the merits. *Id.* As G&Z argued in the Preliminary Response and Sur-Reply, Petitioner’s failure to actually raise the issue of the ’571 Patent’s effective filing date in this case left collateral estoppel as “the only possible basis for finding that the ’723 Patent is PGR

eligible.” Sur-Reply at 5. The Board did not acknowledge or explain why it rejected this argument. DI at 12.

G&Z also argued that the written description defect alleged in the Petition could not justify a determination that the '723 Patent is an AIA Patent because MPEP § 2159.02 plainly states that amendments *adding new matter* to pre-AIA transition application do not transform that application into an AIA application. POPR at 12-13. Again, however, the panel decided a dispositive issue without acknowledging or addressing G&Z's argument. DI at 12 (“Moreover, for the reasons discussed below and on the preliminary record, Petitioner shows that it is more likely than not that claims 1-7 lack written description support. That challenge, at this stage, indicates that the '723 patent would have a filing date of August 9, 2022, making the '723 patent subject to the AIA.”).

V. ARGUMENT

A. Collateral Estoppel Bars Petitioner From Relitigating the AIA Status of the '571 Patent

The Director must vacate the Institution Decision because the Board admittedly did not consider G&Z's argument that collateral estoppel bars Petitioner from re-litigating the pre-AIA status of the '571 Patent. DI at 12 (“On the record before us, we agree with Petitioner that we do not need to reach the issue of whether collateral estoppel applies.”). The panel abused its discretion in declining to consider G&Z's argument. *See In re NuVasive, Inc.*, 842 F.3d 1376, 1383 (Fed. Cir.

2016) (“[I]t is not adequate to summarize and reject arguments without explaining why the PTAB accepts the prevailing argument.”) (citation omitted). The panel’s abuse of discretion is even more clear-cut here than in *NuVasive* because the Board did not even reject G&Z’s argument, it just passed on the issue altogether without giving any legal or factual justification for its decision.¹ DI at 12.

Contrary to the Institution Decision, the application of collateral estoppel is not optional; if each of the requirements for collateral estoppel is met with respect to an issue, a party is *prohibited* from re-litigating that issue. *See Nestle USA, Inc. v. Steuben Foods, Inc.*, 884 F.3d 1350, 1351 (Fed. Cir. 2018) (“Collateral estoppel protects a party from having to litigate issues that have been fully and fairly tried in a previous action and adversely resolved against a party-opponent.” (quoting *Ohio Willow Wood Co. v. Alps S., LLC*, 735 F.3d 1333, 1342 (Fed. Cir. 2013))). However, rather than consider whether the -00135 Decision protects G&Z from having to re-litigate the issue of written description support for Claim 8 of the ’571 Patent, the panel declined to decide the issue without explanation. DI at 12.

Although this abuse of discretion is sufficient for the Director to vacate the Institution Decision, G&Z respectfully requests that the Director resolve the issue on the current, well-developed record. The -00135 Decision meets all requirements

¹ While the DI is unclear, it appears that the Board erroneously applied Petitioner’s argument that the “Board need not reach [the -00136 case] estoppel issue” to the -00135 case estoppel issue. *See* DI at 12 (citing Reply at 4-5).

for the application of collateral estoppel, and Petitioner's counterarguments are meritless. POPR at 6-7; Sur-Reply at 1-4.

Petitioner's first argument, that decision denying institution cannot give rise to collateral estoppel as a matter of law, is simply wrong. Reply at 1-2. According to the Restatement—which the Federal Circuit follows (POPR at 10 (collecting cases))—issues decided in “a valid and final judgment” are only exempt from collateral estoppel when “the party who lost on that issue is . . . disabled as a matter of law from obtaining review by appeal **or, where appeal does not lie**, by injunction, **extraordinary writ**, or statutory review procedure.” Restatement § 28 cmt. *a* (emphasis added).

Because the Federal Circuit maintains jurisdiction to hear petitions for writs of mandamus from decisions denying institution of *inter partes* review, Petitioner was not “disabled as a matter of law from obtaining review by . . . extraordinary writ.” *Id.*; see also *Mylan Lab'ys Ltd. v. Janssen Pharmaceutica, N.V.*, 989 F.3d 1375, 1379 (Fed. Cir. 2021) (“While there is no avenue for direct appeal of decisions denying institution, we conclude that judicial review is available in extraordinary circumstances by petition for mandamus.”). And it is no defense that Petitioner did not seek review of the Board's decision. Restatement § 28 cmt. *a* (“The exception in Subsection (1) applies only when review is precluded as a matter of law. It does not apply in cases where review is available but is not sought.”).

Petitioner's second argument—that the issue of adequate written description support for Claim 8 of the '571 Patent was not actually litigated—is also meritless. Reply at 3-4. Petitioner's admission that it did not “raise a meaningful challenge” (Reply at 3) in IPR2021-00135 does not mean that the issue was not actually litigated in that case. On the contrary, a determination giving rise to collateral estoppel “may be based on a failure of pleading or of proof as well as on the sustaining of the burden of proof.” Restatement § 27 cmt. *d*. The critical question is whether the parties contested the issue, not whether the party with the burden of proof met its burden. *Id.* at cmt. *e* (an issue is not actually litigated when a party does not “contest an assertion”). Not only did G&Z contest Petitioner's argument in the -00135 case, the Board determined that “Patent Owner details where and how Guntert discloses each of the limitations,” including the *laterally telescoping leg* and *linear position transducer* limitations, and stated it was “satisfied that Patent Owner has demonstrated sufficient written description support for Petitioner's listed limitations.” -00135 Decision at 11-12, 23.

In view of the foregoing, G&Z respectfully requests that the Director grant Director Review of the decision granting post-grant review of the '723 Patent and either vacate and remand the decision for the Board to consider G&Z's arguments in the first instance or determine on the current record that collateral estoppel bars Petitioner's attempt to relitigate the pre-AIA status of the '571 Patent.

B. The Board Erred in Giving Preclusive Effect to the -00136 Decision

The Board's decision to rest on its finding from the -00136 Decision without revisiting the underlying merits of the issue or finding that collateral estoppel attaches to that determination finds no support in the law. DI at 12. Because Petitioner did not actually raise the relevant '571 Patent written description issue in this case, collateral estoppel provides the only possible basis for finding that the '723 Patent is PGR eligible. Sur-Reply at 4-5. But collateral estoppel cannot apply because the issue was not actually litigated in IPR2021-00136 (and the panel did not find otherwise). See POPR at 9-12; Sur-Reply at 4-5; DI at 12.

Accordingly, G&Z argued, "even if the Board declines to find Petitioner collaterally estopped based on the -00135 Decision, it should still deny institution based on Petitioner's failure to meet its burden of proof in this case." Sur-Reply at 5. Rather than acknowledging this argument, the Board effectively gave preclusive effect to the -00136 Decision without revisiting the underlying issue or considering whether Petitioner's failure to raise the issue in the case meant that it could not meet its burden of proof.² Failure to address this argument was abusive of discretion. *In re Nuvasive*, 842 F.3d at 1382-83.

² Petitioner raised exactly same non-"meaningful challenge" in the case the panel decided to credit (-00136) as it did in the case the panel ignored (-00135), even though G&Z only contested the issue in the latter.

C. The Board Overlooked That the '723 Patent Cannot Be Transformed Into an AIA Patent

The Board also overlooked and declined to address G&Z's argument that any alleged written description defect with respect the '723 Patent could not have transformed the '723 Patent into an AIA patent because the allegedly unsupported limitations were added in amendments after the application was filed. POPR at 12-13.

As explained in the Manual of Patent Examining Procedure § 2159, amendments made after a transition application's filing date only transform a pre-AIA application into an AIA application if those amendments are supported under 35 U.S.C. § 112:

If an application filed on or after March 16, 2013, that did not previously contain any claim to a claimed invention having an effective filing date on or after March 16, 2013, (a pre-AIA application) is amended to contain a claim to a claimed invention having an effective filing date on or after March 16, 2013, the application becomes an AIA application (AIA 35 U.S.C. 102 and 103 apply to the application), **provided that the newly added claimed invention has support under 35 U.S.C. 112(a) in the application filed on or after March 16, 2013.**

MPEP § 2159.02 (emphasis added). Thus, aside from preliminary amendments filed on the same day as the application, claim amendments that add new matter do not transform the application from a pre-AIA application to an AIA application:

[A]n amendment (other than a preliminary amendment filed on the same day as such application) **seeking to add a claim to a claimed invention that is directed to new matter in an application filed on or after March 16, 2013**, that, as originally filed, discloses and claims only subject matter also disclosed in an earlier application filed before March 16, 2013 to which the application filed on or after March 16, 2013, is entitled to priority or benefit under 35 U.S.C. [§§] 119, 120, 121, or 365, **would not change the application from a pre-AIA application into an AIA application.**

POPR at 12-13 (quoting MPEP § 2159.02 (emphasis added))³. This rule specifically bars the transformation of a pre-AIA application into an AIA application based on a written description defect introduced via amendment after the application's filing date. Because the alleged written description defect in the '723 patent stemmed from an amendment introduced after the '723 Patent's filing date, that amendment did not transform the '723 Patent into an AIA Patent. POPR at 12-13.

The Board abused its discretion by failing to address this argument in the Institution Decision. *See In re Nuvasive*, 842 F.3d at 1382-83.

³ In the POPR filed in August 2024, G&Z quoted from MPEP § 2159.02 (Feb. 2023), the operative version of this rule at the time. The Office has recently published a revised version of MPEP § 2159.02 (Nov. 2024), which does not impact G&Z's analysis here.

VI. RELIEF REQUESTED

For these reasons, G&Z respectfully requests that the Director grant Review of the Institution Decision, vacate the Board's Institution Decision, and either remand to the Board or deny post-grant review of the '723 patent.

Respectfully submitted,

Dated: November 27, 2024

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CERTIFICATE OF SERVICE

The undersigned certifies, in accordance with 37 C.F.R. § 42.6(e), and pursuant to agreement by the parties that filing with the Board through the Patent Trial and Appeal Case Tracking System (P-TACTS) constitutes electronic service, that service was made on the Petitioner as detailed below.

<i>Date of service</i>	November 27, 2024
<i>Manner of service</i>	Electronic Filing with the Board
<i>Documents served</i>	PATENT OWNER'S REQUEST FOR DIRECTOR REVIEW PURSUANT TO 37 C.F.R. § 42.75
<i>Persons Served</i>	Finnegan, Henderson, Farabow, Garrett & Dunner, LLP: Jason E. Stach Luke J. McCammon David K. Mroz Sonja W. Sahlsten Robert K. High

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