

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SQUARE, INC.,
Petitioner,

v.

THINK COMPUTER CORPORATION,
Patent Owner.

Case CBM2015-00067
Patent 8,396,808 B2

Before TONI R. SCHEINER, MICHAEL W. KIM, and
BART A. GERSTENBLITH, *Administrative Patent Judges*.

KIM, *Administrative Patent Judge*.

DECISION ON REQUEST FOR REHEARING
37 C.F.R. §§ 42.5, 42.71(d)

On January 29, 2015, Petitioner filed a Petition for Covered Business Method Patent Review of U.S. Patent No. 8,396,808 B2. Paper 3. Patent Owner filed a Preliminary Response. Paper 9, "Prelim. Resp." On June 10, 2015, Petitioner filed a Reply to Preliminary Response (Paper 11), at the Board's request, concerning the applicability of 35 U.S.C. § 325(d) to this

proceeding. Patent Owner filed a Sur-Reply. Paper 12, “Sur-Reply.” On July 2, 2015, the Board denied the Petition, citing 35 U.S.C. § 325(d). Paper 14, “Dec.” Petitioner filed a Request for Rehearing. Paper 15 (citing Exs. 1026–1028), “Req.” For the reasons set forth below, the Request is *denied*.

A request for rehearing can only point out that which the Board misapprehended or overlooked, and will be reviewed for abuse of discretion. 37 C.F.R. § 42.71(d). Moreover, as the moving party, the burden of persuasion falls on Petitioner. 37 C.F.R. § 42.20(c). To that end, Petitioner sets forth two categories of assertions, each of which we will address in turn.

1. Patent Owner Harassment

Petitioner asserts the following:

the Board overlooked that agreement between the parties to pursue the proposed grounds in the present CBM proceeding mitigates concerns of PO harassment, a central concern in deciding whether to exercise discretion not to institute review under § 325(d). By failing to take this factor into consideration, the Board was unable to properly weigh the relevant factors.

Req. 1, 3–8. As an initial matter, Petitioner’s assertion is misplaced because the parties’ conduct was not misapprehended or overlooked – it was intentionally disregarded, as untimely. Dec. 9. Even if we were delve substantively into the conduct, however, Petitioner’s assertion is misplaced because central to Petitioner’s premise is that there was an agreement to overlook with respect to § 325(d). We find, however, no evidence of such an agreement. Absent such an agreement, there was nothing for the Board to misapprehend or overlook in exercising its discretion under § 325(d).

Specifically, according to Patent Owner, while the parties apparently expressed an agreement concerning joinder, no such agreement was reached

concerning § 325(d). Prelim. Resp. 1–7; Sur-Reply 1–2; *see also* Exs. 1026, 1028. An agreement requires express acquiescence of two parties to specific terms. Absent such express acquiescence, there is no agreement. As Patent Owner asserts repeatedly that it did not agree to forgo arguments concerning § 325(d), and Petitioner has not presented sufficiently persuasive evidence to the contrary, we do not have an adequate basis to find that there was any agreement concerning § 325(d) between the parties.

Petitioner now asserts that “PO’s preliminary response was in direct contradiction with at least the spirit of its agreement, if not the agreement itself, that the most economical manner of addressing the prior art was the 67 Petition.” Req. 5. Thus, it appears that Petitioner requests that the Board determine that Patent Owner’s conduct violated a spirit of an agreement, and thus, that this violation should be held against Patent Owner. As an initial matter, we are unclear as to how we can determine the terms of a spirit of an agreement. Moreover, while we have no doubt that Petitioner feels misled, Petitioner is asking the Board essentially to force Patent Owner to give up its opportunity to set forth a substantive position that it is entitled to take, based on this unspecified spirit of an agreement. We decline to do so.

Petitioner asserts further that after the Preliminary Response was filed, “[h]aving already addressed the topic of the parties’ agreement and the basis for the 67 Petition, Square did not initially believe further attention from the Board was required.” Req. 6. We are unpersuaded that Petitioner’s position is reasonable. If any agreement was reached between the parties to not address § 325(d), and yet the Preliminary Response is directed almost entirely to the issue of § 325(d), we are unclear as to why Petitioner believed

that no further attention was necessary. Indeed, Petitioner did eventually bring this issue to the attention of the Board.

Petitioner asserts also that the Board's denial of the Petition will force Petitioner to expend additional resources in District Court, which will be contrary to the purpose of these proceedings to come to a "just, speedy, and inexpensive resolution" and be a "quick and cost effective alternative to litigation." Req. 7–8. Petitioner's assertions are misplaced because the provision for a "just, speedy, and inexpensive resolution" is with regards to each proceeding before the Board, and is not related to District Court proceedings. With respect to a "quick and cost effective alternative to litigation," while that is certainly a consideration, the inclusion of § 325(d) in the statute indicates that Congress desired a balance between many competing considerations, and we are unpersuaded our exercise of that discretion under § 325(d) was performed in a manner that did not account properly for this consideration, for the reasons set forth herein and in the Decision.

Petitioner asserts additionally that it elected not to file a request for rehearing in CBM2014-00159 in reliance on the agreement with Patent Owner. Our analysis is the same as set forth above, and need not be repeated.

2. Board's Historic Application of § 325(d)

Petitioner asserts the following:

A review of relevant case law demonstrates a distinction between follow-on petitions that address threshold deficiencies and follow-on petitions that use the PTAB's previous decision on the merits as a road map to address deficiencies under §§ 102 and 103. Here, the Board declined to institute review in the initial petition for CBM review as to claims 8 and 19 on the

basis that Square had not demonstrated that one of the cited prior art references, Ondrus I, qualified as a citable reference, a threshold issue. The Board did not analyze Ondrus I on the merits or in view of the claims and, consequently, there existed no road map to bolster any alleged deficiencies under the proposed obviousness grounds. As the 67 Petition cures a threshold issue and the grounds of unpatentability were not previously considered on the merits, a similar analysis as set forth in the line of cases in which discretion to decline review under § 325(d) has not been exercised were on point and should have been applied. The Decision makes no reference to these cases, thereby indicating they were overlooked.

Req. 1–2, 8–12. Essentially, Petitioner makes two related assertions: (1) that whether Ondrus I is a prior art reference is a threshold issue, and thus, § 325(d) is inapplicable because § 325(d) has only been applied to issues on the merits; and (2) by failing to address other cases of the Board concerning § 325(d), the Board misapprehended or overlooked those decisions. We are unpersuaded by either argument.

Concerning argument (1), we are unpersuaded that whether a reference is properly prior art is not an issue on the merits. Both §§ 102 and 103 recite express limitations on the type of prior art that may be considered in evaluating a claimed invention, and there is a plethora of lengthy opinions from our reviewing court where the entire case turns on whether or not a particular reference is prior art. Accordingly, we consider that whether a reference is properly prior art is a quintessential issue on the merits, and given this, we are unpersuaded that § 325(d) is inapplicable on this basis.

To be sure, whether a reference is properly a prior art reference is a threshold issue in an analysis under §§ 102 and 103, but we are unpersuaded, in these circumstances, that it is not an issue on the merits. To hold otherwise could potentially encourage petitioners to present the bare

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