

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

FACEBOOK, INC. and INSTAGRAM, LLC,

Petitioner,

v.

SKKY, LLC,

Patent Owner.

Case CBM2016-00091

Patent 9,037,502 B2

Before DAVID P. RUSCHKE, *Chief Administrative Patent Judge*,
SCOTT R. BOALICK, *Deputy Chief Administrative Patent Judge*,
JUSTIN T. ARBES, GLENN J. PERRY, and KEVIN W.
CHERRY, *Administrative Patent Judges*.

PERRY, *Administrative Patent Judge*.

DECISION ON PETITIONER'S REQUEST FOR REHEARING

37 C.F.R. § 42.71

I. INTRODUCTION

Petitioner requests rehearing (Paper 8, “Req. Reh’g”), under 37 C.F.R. § 42.71(c), of our Decision (Paper 7, “Dec. on Inst.”) denying its Petition (Paper 1, “Pet.”). Petitioner’s Request includes a request that its arguments be heard by an expanded panel. Req. Reh’g 1.

On April 19, 2017, Petitioner requested a conference with the Board seeking authorization to file supplemental briefing pertaining to *Rembrandt Wireless Techs., LP v. Samsung Elecs. Co.*, 853 F.3d 1370 (Fed. Cir. 2017), decided by the U.S. Court of Appeals for the Federal Circuit after Petitioner filed its Request for Rehearing. We held a telephone conference on April 24, 2017, which was attended by counsel for both Petitioner and Patent Owner. We authorized supplemental briefing regarding *Rembrandt*, and have received and considered briefs from both Petitioner and Patent Owner. *See* Papers 9 (“Pet. Br.”), 10 (“PO Br.”).

II. ANALYSIS

A. *Petitioner’s Request for an Expanded Panel*

Our governing statutes and regulations do not provide for parties to request, or panels to authorize, an expanded panel. *See generally* 35 U.S.C. § 6; 37 C.F.R. §§ 41.1–42.412. Our standard operating procedures, however, provide the Chief Judge with discretion to expand a panel to include more than three judges. PTAB SOP 1, 1–3 (§§ II, III) (Rev. 14); *see id.* at 1 (introductory language explaining that the Director has delegated to the Chief Judge the authority to designate panels under 35 U.S.C. § 6); *see also In re Alappat*, 33 F.3d 1526, 1532 (Fed. Cir. 1994) (providing that Congress “expressly granted the [Director] the authority to designate expanded Board panels made up of more than three Board members.”). The

CBM2016-00091
Patent 9,037,502 B2

Chief Judge may consider panel expansions upon a “suggestion” from a judge, panel, or party. *Id.* at 3–4; *see also Apple Inc. v. Rensselaer Polytechnic Inst.*, Case IPR2014-00319, slip op. at 2 n.1 (PTAB Dec. 12, 2014) (Paper 20) (expanded panel) (per curiam).

The standard operating procedure exemplifies some of the reasons for which the Chief Judge may expand a panel. PTAB SOP 1, 3 (§ III.A). For example, an expanded panel may be appropriate when “[t]he proceeding or AIA Review involves an issue of exceptional importance” or when “[c]onsideration by an expanded panel is necessary to secure and maintain uniformity of the Board’s decisions.” *Id.* (§ III.A.1, 2).

In this case, the Chief Judge has considered whether expansion is warranted, and has decided to exercise his discretion to expand the panel due to the nature of the issue Petitioner presents. The effect of a pre-institution statutory disclaimer on covered business method (“CBM”) patent review has been at issue in multiple cases before the Board. The Chief Judge has determined that an expanded panel is warranted to provide guidance regarding the effect of such disclaimers on CBM patent review eligibility.

B. Petitioner’s Request for Rehearing

On June 15, 2016, Petitioner filed a Petition for CBM patent review of claims 1–11 of U.S. Patent No. 9,037,502 B2 (Ex. 1001, “the ’502 patent”). Three months later, Patent Owner filed, on the day before its Preliminary Response, a statutory disclaimer of claims 6 and 8–11 pursuant to 37 C.F.R. § 1.321(a), and argued that the disclaimer rendered those claims “irrelevant” to the CBM patent review eligibility determination. *See* Paper 6, 4–5 (“Prelim. Resp.”); Ex. 2001. Petitioner subsequently asked the Board for leave to file a reply limited to addressing the impact of the disclaimer, which

was denied. *See* Dec. on Inst. 2. On November 23, 2016, the panel denied institution on the sole ground that the '502 patent is not eligible for CBM patent review. *Id.* at 14. The panel “treat[ed] the disclaimed claims as if they never existed” and, thus, Petitioner’s arguments that the '502 patent is eligible for CBM patent review based on claims 6 and 8–11 were not considered. *Id.* at 9–10.

1. Standard of Review

In determining whether to institute a CBM patent review, “the Board may deny some or all grounds for unpatentability for some or all of the challenged claims.” 37 C.F.R. § 42.208(b). When rehearing a decision on petition, the Board will review the decision for an abuse of discretion. 37 C.F.R. § 42.71(c). “An abuse of discretion occurs if a decision is based on an erroneous interpretation of law, if a factual finding is not supported by substantial evidence, or if the decision represents an unreasonable judgment in weighing relevant factors.” *Arnold P’ship v. Dudas*, 362 F.3d 1338, 1340 (Fed. Cir. 2004). The party requesting rehearing bears the burden of showing an abuse of discretion, and “[t]he request must specifically identify all matters the party believes the Board misapprehended or overlooked.” 37 C.F.R. § 42.71(d).

2. A “Time-of-Filing” Rule Does Not Apply When Assessing Pre-Institution Statutory Disclaimers

Petitioner argues that the panel committed a “fundamental legal error” which, “if not corrected, threatens to undermine the efficacy of the CBM patent review procedure.” Req. Reh’g 1. The alleged error is “the Board’s decision to allow the Patent Owner to unilaterally strip the Board of its authority to institute a CBM patent review by filing a statutory disclaimer after the filing of the CBM petition.” *Id.* Petitioner urges that the Board

should adopt a “time-of-filing” rule in assessing the impact of post-filing statutory disclaimers on CBM patent review eligibility. *Id.* at 3. Petitioner explains that a “time-of-filing” rule is used for determining federal court jurisdiction and argues that it should be extended to CBM patent review because it is consistent with Congressional intent in creating the CBM patent review program. *Id.* at 4. Adoption of a “time-of-filing” rule would prevent a “postfiling salvage operation” attempting to divest this Board of its CBM patent review jurisdiction, according to Petitioner. *Id.* at 2–3. We decline to adopt a “time-of-filing” rule, as suggested.

Although Petitioner is correct that federal courts apply the rule that “the jurisdiction of the court depends upon the state of things at the time of the action brought,” *Grupo Dataflux v. Atlas Global Grp., L.P.*, 541 U.S. 567, 570 (2004) (citation omitted), we are not a federal court, but an administrative agency whose authority to act has been granted by Congress, *Kilip v. Office of Pers. Mgmt.*, 991 F.2d 1564, 1569 (Fed. Cir. 1993) (“An agency is but a creature of statute. Any and all authority pursuant to which an agency may act ultimately must be grounded in an express grant from Congress.”); *see also id.* (“Though an agency may promulgate rules or regulations pursuant to authority granted by Congress, no such rule or regulation can confer on the agency any greater authority than that conferred under the governing statute.”).

The Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (“AIA”), created a transitional program for the Board to conduct post-grant reviews of a limited set of patents designated as “covered business method patents.” AIA § 18(a). The AIA provides that “[t]he Director may institute a transitional proceeding only for a patent that *is* a

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