

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

TWILIO INC.,
Petitioner,

v.

TELESIGN CORPORATION,
Patent Owner.

Case IPR2016-00360
Patent 7,945,034 B2

Before SALLY C. MEDLEY, JUSTIN T. ARBES, and
KIMBERLY McGRAW, *Administrative Patent Judges*.

McGRAW, *Administrative Patent Judge*.

ORDER
Conduct of the Proceeding
37 C.F.R. § 42.5

On August 3, 2016, an initial conference call was held between Britton Davis, counsel for Petitioner, Twilio Inc., Jesse Camacho and Elena McFarland, counsel for Patent Owner, TeleSign Corporation, and Judges Medley, Arbes, and McGraw. Patent Owner requested the call to discuss Patent Owner's list of potential motions and the Scheduling Order. Prior to the call, Patent Owner filed a list of proposed motions. Paper 23.

During the conference call, counsel for Patent Owner stated that no Board action is required at this time on the proposed motions and that the request for the conference call was made to comply with the guidance regarding informing the Board of possible motions prior to an initial conference call. *See* Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,765–66 (Aug. 14, 2012); Paper 19, 2–3. The parties further indicated that they have no issues with the dates in the Scheduling Order (Paper 19).

Counsel for Patent Owner also represented that no final decision had yet been made as to whether Patent Owner would file a motion to amend. Should Patent Owner decide to file a motion to amend, it first must confer with the Board. *See* 37 C.F.R. § 42.121(a). This conference should take place at least two weeks before filing the motion to amend.

During the call, counsel for Patent Owner requested guidance as to adding a new claim that is not a substitute for another claim. Patent Owner is directed to 37 C.F.R. § 42.121, which states, *inter alia*, that a motion to amend may cancel a challenged claim or propose a reasonable number of substitute claims. As noted during the call, the presumption is that only one substitute claim would be needed to replace each claim, and it may be rebutted by a demonstration of need. *See* 37 C.F.R. § 42.121(a)(3).

Counsel for Patent Owner also requested guidance as to proposing more than one substitute claim. Patent Owner was directed to the Board's decision in *Idle Free Systems, Inc. v. Bergstrom, Inc.*, Case IPR2012-00027 (PTAB June 11, 2013) (Paper 26). *Idle Free* states, *inter alia*:

In the event a patent owner proposes more than one substitute claim for any one challenged claim, the patent owner may additionally label each one after the first as a proposed new claim, to signal its special status, but also identify the challenged claim which it is intended to replace. As explained above, a patent owner has to show a special need to justify more than one substitute claim for each challenged claim. In such situations, the patent owner needs to show patentable distinction of the additional substitute claim over all other substitute claims for the same challenged claim. If the patent owner shows no such patentable distinction or any other special circumstance, then at the Board's discretion, the proposed additional claim may be denied entry, or it may be grouped with, or deemed as standing and falling with, another substitute claim for the same challenged claim, e.g., the first substitute claim, for purposes of considering patentability over prior art. Each substitute claim for the same challenged claim should be proposed for a meaningful reason. Submission of multiple patentably non-distinct substitute claims is redundant and not meaningful in the context of an *inter partes* review.

Id. at 8–9.

Additional guidance is provided in the Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,766–67 (Aug. 14, 2012) and in *Corning Optical Commc'ns RF, LLC v. PPC Broadband, Inc.*, Case IPR2014-00441 (PTAB Oct. 30, 2014) (Paper 19), and *International Flavors & Fragrances Inc. v. United States*, Case IPR2013-00124 (PTAB May 20, 2014) (Paper 12).

For the “to confer” call, Patent Owner should be prepared to discuss how its duty of candor under 37 C.F.R. § 42.11 would be satisfied. We

direct attention of the parties to *MasterImage 3D, Inc.*, IPR2015-00040, slip op. at 3 (PTAB July 15, 2015) (Paper 42) (precedential), which states:

Thus, when considering its duty of candor and good faith under 37 C.F.R. § 42.11 in connection with a proposed amendment, Patent Owner should place initial emphasis on each added limitation. Information about the added limitation can still be material even if it does not include all of the rest of the claim limitations. *See VMWare, Inc. v. Clouding Corp.*, Case IPR2014-01292, slip op. at 2 (PTAB Apr. 7, 2015) (Paper 23) (“With respect to the duty of candor under 37 C.F.R. § 42.11, counsel for Patent Owner acknowledged a duty for Patent Owner to disclose not just the closest primary reference, but also closest secondary reference(s) the teachings of which sufficiently complement that of the closest primary reference to be material.”).

We also direct the Patent Owner to inform Petitioner, two business days prior to the “to confer” call, how it proposes to amend each claim sought to be amended, so that Petitioner may come to the “to confer” call with any prior art reference it desires to discuss, *limited* to two in number for each substantive limitation added to the claims.

Regarding the related district court case involving the challenged patent, counsel for the parties represented that a request to lift the stay of the proceedings in *TeleSign Corp. v. Twilio Inc.*, No. 2:15-cv-03240 (C.D. Cal.) was filed and that a hearing date on the issue is scheduled for September.

It is

ORDERED that should Patent Owner decide to file a motion to amend, it first must confer with the Board pursuant to 37 C.F.R. § 42.121(a),

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and the conference should take place at least two weeks before filing the motion to amend; and

ORDERED that two business days prior to the conference, Patent Owner shall inform Petitioner how it proposes to amend each claim sought to be amended.

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