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Paper 10
Date Entered: July 6, 2017

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

FORD MOTOR COMPANY
Petitioner,

v.

VERSATA DEVELOPMENT GROUP, INC.
Patent Owner.

Case IPR2017-00144; Patent 7,200,582 B1
Case IPR2017-00146; Patent 5,825,651
Case IPR2017-00147; Patent 7,464,064 B1
Case IPR2017-00148; Patent 6,405,308 B1
Case IPR2017-00149; Patent 6,675,294 B1
Case IPR2017-00150; Patent 7,882,057 B1
Case IPR2017-00151; Patent 7,882,057 B1[1]

Before KEVIN F. TURNER, JAMES B. ARPIN, and WILLIAM M. FINK, *Administrative Patent Judges.*

ARPIN, *Administrative Patent Judge.*

DECISION
Denying Petitioner's Request for Rehearing
37 C.F.R. § 42.71

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[1] This Decision applies to each of the captioned cases. Because the same arguments and dispositive issues are present in each case, we exercise our discretion to issue one Decision to be entered in each case. The parties are not authorized to use such a multiple case caption.

IPR2017-00144 (Patent 7,200,582 B1); IPR2017-00146 (Patent 5,825,651); IPR2017-00147 (Patent 7,464,064 B1); IPR2017-00148 (Patent 6,405,308 B1); IPR2017-00149 (Patent 6,675,294 B1); IPR2017-00150 (Patent 7,882,057 B1); IPR2017-00151 (Patent 7,882,057 B1)

A. INTRODUCTION

Ford Motor Company ("Petitioner") filed Requests for Rehearing (*e.g.*, IPR2017-00146, Paper 8, "Req.")[2] of our decisions (*e.g.*, IPR2017-00146, Paper 7, "Dec.") in each of the captioned cases, which denied institution of *inter partes* review of the challenged claims of each of the patents at issue (*e.g.*, U.S. Patent No. 5,825,651 (IPR2017-00146, Ex. 1101, "the '651 patent")). Petitioner argues that (1) we misapplied the binding precedent of the U.S. Court of Appeals for the Federal Circuit ("the Federal Circuit") and the Patent Trial and Appeal Board ("the PTAB") by refusing to hold that the dismissal "without prejudice" of the *Versata* action has no legal effect under 35 U.S.C. § 315(b) and must be treated as if the action had never been filed, and (2) we misapplied the law in holding that there is a "continuous chain of assertion" exception to the precedential rule that a complaint dismissed "without prejudice" has no legal effect under 35 U.S.C. § 315(b). Req. 1.

We have considered Petitioner's Requests for Rehearing, and, for the reasons set forth below, Petitioner's Requests are *denied*.

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[2] Because each of the Requests for Rehearing presents substantially identical arguments, we refer herein to the arguments and evidence cited in the Request for Rehearing in IPR2017-00146 and to the papers and exhibits filed in that case. However, these citations correspond to substantially similar portions of corresponding papers and exhibits filed in the other captioned cases.

IPR2017-00144 (Patent 7,200,582 B1); IPR2017-00146 (Patent 5,825,651); IPR2017-00147 (Patent 7,464,064 B1); IPR2017-00148 (Patent 6,405,308 B1); IPR2017-00149 (Patent 6,675,294 B1); IPR2017-00150 (Patent 7,882,057 B1); IPR2017-00151 (Patent 7,882,057 B1)

B. STANDARD OF REVIEW

Under 37 C.F.R. § 42.71(c), "[w]hen rehearing a decision on petition, a panel will review the decision for an abuse of discretion." An abuse of discretion occurs when a "decision was based on an erroneous conclusion of law or clearly erroneous factual findings, or . . . a clear error of judgment." *PPG Indus. Inc. v. Celanese Polymer Specialties Co. Inc.*, 840 F.2d 1565, 1567 (Fed. Cir. 1988) (citations omitted). The request must identify, with specificity, all matters that the moving party believes the Board misapprehended or overlooked. 37 C.F.R. § 42.71(d).

C. DISCUSSION

1. Failure to Follow Binding Precedent

Petitioner argues that we misapplied binding precedent to the undisputed facts. In particular, Petitioner argues that "the Federal Circuit has held that the ***effect*** of a dismissal without prejudice is that it leaves the parties as if the underlying complaint had never been filed." Req. 1 (citing *Graves v. Principi*, 294 F.3d 1350, 1356 (Fed. Cir. 2002); *Bonneville Assoc., Ltd. P'ship v. Baram*, 165 F.3d 1360, 1364 (Fed. Cir. 1999)). Further, Petitioner argues that "[t]he PTAB has recognized, quoted, and adopted this law as precedent, reiterating that the ***effect*** of a dismissal without prejudice is to leave the parties as if the case had never been filed." *Id.* at 1–2 (citing *Oracle Corp. v. Click-To-Call Tech's LP*, IPR2013-00312, slip op. at 17 (Oct. 30, 2013) (Paper 26) ("The Federal Circuit consistently has interpreted the effect of such dismissals [without prejudice] as leaving the parties as though the action had never been brought.") (precedential as to quoted

section) (citations omitted)).

Petitioner acknowledges that "[a]n exception [to these precedential decisions] arises in cases consolidated under Rule 42 because the defendant remains answerable to the original complaint." *Id.* at 2. Nevertheless, Petitioner argues that this exception is not applicable here.

As set forth in our decisions denying institution, the relevant facts regarding the timing of the related actions between Petitioner and Patent Owner are largely undisputed. *See* Dec. 2–3; Req. 3–4. Petitioner filed a first action (i.e., "the *Ford* action") in the Eastern District of Michigan ("the Michigan court") on February 19, 2015, seeking a declaratory judgment of non-infringement of three Versata patents, including patents challenged (e.g., the '651 patent) in the captioned cases. Paper 2 ("Pet."), vii; *see* Ex. 1129. In a later-filed Eastern District of Texas ("the Texas court") case (i.e., "the *Versata* action"), filed on May 7, 2015, Patent Owner asserted infringement by Petitioner of patents challenged (e.g., the '651 patent) in the captioned cases. Pet. vii; Ex. 2001. Petitioner requested an extension of time to file an answer and acknowledged the service date of the complaint in the *Versata* action as May 7, 2015. Paper 6 ("Prelim. Resp."), 5; Ex. 2007 ("Unopposed Application for Extension of Time to Answer Complaint"). On October 14, 2015, the Michigan court denied Patent Owner's motion to dismiss or alternatively transfer the *Ford* action to the Eastern District of Texas. Ex. 1132, 2; Pet. 2; Prelim. Resp. 5–6. On October 28, 2015 (i.e., one year before Petitioner filed the petitions for *inter partes* review in the captioned cases), Patent Owner answered Petitioner's declaratory judgment

complaint in Michigan and asserted challenged patents, including the '651 patent, by filing infringement counterclaims in the *Ford* action. Pet. 2; Ex. 1130 ("Defendant's Answer . . . [and] Counterclaims"). On November 5, 2015, the Texas court "ordered the parties to file notice of any good faith reasons that [the Versata lawsuit] should not be dismissed, without prejudice, so that the issues *may [be] dealt with in the Michigan court*." Pet. 2 (emphasis added; quoting Ex. 1132 (additional text added by Petitioner)). On December 3, 2015, noting that "neither party has provided arguments against dismissing the case," the Texas court "ORDERED that this case is DISMISSED without prejudice to Plaintiff's ability to assert its claims in the Michigan court." Ex. 1134 (emphasis added); Pet. 2; *see* Ex. 1133, 1.

The doctrine of *stare decisis* or the binding effect of precedent requires a tribunal to recognize a rule of law (i.e., a precedential decision) in one case enunciated in an earlier case by that tribunal or by a higher tribunal, if the facts and issues involved in both cases are sufficiently similar.[3] As Chief Justice Rehnquist explained:

> [w]hile most often invoked to justify a court's refusal to reconsider its own decisions, [*stare decisis*] applies *a fortiori* to enjoin lower courts to follow the decision of a higher court. This principle is so firmly established in our jurisprudence that no lower court would deliberately refuse to follow the decision of a higher court. *But cases come in all shapes and varieties, and it is not always clear whether a precedent applies to a situation in*

[3] "[I]n the large, precedent consists in an official doing over again *under similar circumstances* what has been done by him or his predecessor before." K.N. LLEWELLYN, THE BRAMBLE BUSH: ON OUR LAW AND ITS STUDY, 70 (8th prtg. 1985) (emphasis added).

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