

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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SONOS, INC.,  
Petitioner,

v.

D&M HOLDINGS INC.,  
Patent Owner.

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Case IPR2017-01045  
Patent 7,987,294 B2

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Before JONI Y. CHANG, JENNIFER S. BISK, and  
JON M. JURGOVAN, *Administrative Patent Judges*.

JURGOVAN, *Administrative Patent Judge*.

DECISION

Denying Patent Owner's Request for Rehearing  
*37 C.F.R. § 42.71(d)*

## I. INTRODUCTION

On March 7, 2017, Petitioner, Sonos, Inc., filed a Petition (Paper 1, “Pet.”) requesting an *inter partes* review of claims 1–20 and 25–27 of U.S. Patent No. 7,987,294 B2 (Ex. 1001, “the ’294 patent”). On July 6, 2017, Patent Owner, D&M Holdings Inc., filed a Preliminary Response (Paper 7, “Prelim. Resp.”). After consideration of the Petition and Preliminary Response, on October 4, 2017, we entered a Decision granting institution of *inter partes* review (Paper 8, “Dec.”). On October 19, 2017, Patent Owner filed a Request for Rehearing (Paper 11, “Req. Reh’g.”) regarding our Decision.

For the reasons stated below, Patent Owner’s Request for Rehearing is denied.

## II. ANALYSIS

### *Standard of Review*

When reconsidering a decision on institution, we review the decision for an abuse of discretion. 37 C.F.R. § 42.71(c). An abuse of discretion may be determined 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. *Star Fruits S.N.C. v. United States*, 393 F.3d 1277, 1281 (Fed. Cir. 2005); *Arnold P’ship v. Dudas*, 362 F.3d 1338, 1340 (Fed. Cir. 2004); *In re Gartside*, 203 F.3d 1305, 1315–16 (Fed. Cir. 2000). The party requesting rehearing has the burden of showing the decision should be modified, which includes specifically identifying all matters the party believes we misapprehended or overlooked. 37 C.F.R. § 42.71(d).

### *Background*

Petitioner challenged claims 1–4, 10–20, and 25–27 of the ’294 patent as obvious under 35 U.S.C. § 103(a) over U.S. Patent No. 8,243,395 to Millington

(Millington '395") (Ex. 1011) alone or in combination with U.S. 7,571,014 to Lambourne ("Lambourne '014") (Ex. 1012) and U.S. Patent No. 8,483,853 ("Lambourne '853") (Ex. 1013). Pet. 13–14. Also, Petitioner challenged claims 5–9 and 17 of the '294 patent as obvious under 35 U.S.C. § 103(a) over Millington '395 (Ex. 1011), Lambourne '014, Lambourne '853, and U.S. Patent Publication No. 2005/0014467 to Ishiwata ("Ishiwata '467") (Ex. 1016). *Id.* This panel instituted *inter partes* review of all challenged claims based on these grounds.

*Burden of Persuasion and Burden of Production*

In rendering our Decision, Patent Owner contends we overlooked or improperly shifted the burden of persuasion and burden of production to Patent Owner, contrary to *Dynamic Drinkware, LLC v. National Graphics, Inc.*, 800 F.3d 1375 (Fed. Cir. 2015) ("*Dynamic Drinkware*"). Req. Reh'g 1–2.

In *Dynamic Drinkware*, the petitioner Dynamic Drinkware, LLC ("Dynamic") challenged National Graphics, Inc.'s ("National Graphics") U.S. Patent 6,635,196 ("the '196 patent") as anticipated by U.S. Patent 7,153,555 to Raymond ("the Raymond patent") under 35 U.S.C. § 102(e) (2006). *Id.* at 1377. The Board instituted *inter partes* review and conducted a trial, and in its final written decision, found that National Graphics had shown that the '196 patent was reduced to practice by March 28, 2000, before the May 5, 2000 filing date of the Raymond patent, and that Dynamic had failed to show that the Raymond patent was entitled to the benefit of its provisional filing date of February 15, 2000. *Id.* Accordingly, the Board concluded that Dynamic failed to demonstrate by a preponderance of the evidence that claims 1 and 12 of the '196 patent were anticipated by Raymond under § 102(e). Dynamic appealed to the Court of Appeals for the Federal Circuit ("Federal Circuit").

On appeal, in affirming the Board’s decision, the Federal Circuit noted that there are two distinct burdens of proof: the burden of persuasion and the burden of production. *Id.* at 1378 (citing *Tech. Licensing Corp. v. Videotek, Inc.*, 545 F.3d 1316, 1326–27 (Fed. Cir. 2008) (“*Tech Licensing*”).

The burden of persuasion “is the ultimate burden assigned to a party who must prove something to a specified degree of certainty,” such as by preponderance of the evidence or by clear and convincing evidence. In an *inter partes* review, the burden of persuasion is on the petitioner to prove “unpatentability by a preponderance of the evidence,” 35 U.S.C. § 316(e), and that burden never shifts to the patentee.

*Id.* “Failure to prove the matter as required by the applicable standard means that the party with the burden of persuasion loses on that point—thus, if the fact trier of the issue is left uncertain, the party with the burden loses.” *Id.* at 1378–79. In contrast, the burden of production is a shifting burden, “the allocation of which depends on where in the process of trial the issue arises.” *Id.* (citing *Tech Licensing*, 545 F.3d at 1327). “The burden of production may entail ‘producing additional evidence and presenting persuasive argument based on new evidence or evidence already of record.’” *Id.*

Applying these burdens to the present case, the ultimate burden of persuasion was on the Petitioner to show a reasonable likelihood that Petitioner would prevail with respect to at least 1 claim based on the information presented. 35 U.S.C. § 314(a). Petitioner also had the initial burden of production to provide argument and evidence to establish a reasonable likelihood of unpatentability for at least 1 claim, and chose to do so by relying on Lambourne ’853 in addition to other prior art references.

Petitioner demonstrated that Lambourne ’853 is an issued patent (Pet. 13) that has a filing date of September 11, 2007 (Pet. 14), which is before the October

16, 2007 filing date of the '294 patent (Ex. 1013). Thus, Petitioner established at least a prima facie case that Lambourne '853 is prior art under 35 U.S.C. § 102(e). At this point, the burden of production shifted to Patent Owner to show that the '294 patent is entitled to its provisional application's filing date of October 17, 2006. Patent Owner did not meet this burden of production, and accordingly, the burden of production never shifted back to the Petitioner to show Lambourne '853 was entitled to the benefit of the filing date of its provisional application, Lambourne '407. Thus, we deny Patent Owner's request for rehearing for this reason.

*No Presumption of Entitlement to Benefit of Provisional Filing Date*

Patent Owner's argument presumes that the '294 patent is entitled to the benefit of its provisional application filing date. Req. Reh'g 4, Prelim. Resp. 55. However, "the PTO does not examine provisional applications as a matter of course, [and] such a presumption is therefore not justified." *Dynamic Drinkware*, 800 F.3d at 1380. "[A] patentee bears the burden of establishing that its claimed invention is entitled to an earlier priority date than an asserted prior art reference." *In re Magnum Oil Tools Int'l, Ltd.*, 829 F.3d 1364, 1376 (Fed. Cir. 2016). Accordingly, the effective filing date of the '294 patent for purposes of our Decision to institute *inter partes* review is its actual filing date as Patent Owner did not show entitlement to the benefit of the filing date of its provisional application.

*Waiver*

Patent Owner argues Petitioner failed to establish that Lambourne '853 is entitled to the benefit of the filing date of its provisional application, Lambourne '407, because Petitioner did not show that the subject matter of the provisional application provides support under 35 U.S.C. § 112, first paragraph, for at least one claim of the nonprovisional application in the Petition or request the opportunity to

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