

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ORTHOPEDIATRICS CORP.,
Petitioner,

v.

K2M, INC.,
Patent Owner.

Case IPR2018-00429
Patent 9,532,816 B2

Before LYNNE H. BROWNE, MICHAEL L. WOODS, and
ROBERT L. KINDER, *Administrative Patent Judges*.

BROWNE, *Administrative Patent Judge*.

DECISION ON REQUEST FOR REHEARING
35 U.S.C. § 42.71

I. INTRODUCTION

Orthopediatrics Corp. (“Petitioner”), on January 8, 2018, filed a Petition to institute *inter partes* review of claims 16, 18, 19, 21, and 22 of U.S. Patent No. 9,532,816 B2 (“the ’816 patent”). Paper 1 (“Pet.”). We issued a Decision to Institute an *inter partes* review (Paper 8, “Dec.”) of all challenged claims (16, 18, 19, 21, and 22) under all grounds. After institution of trial, K2M, Inc. (“Patent Owner”) filed a Patent Owner Response (Paper 24, “PO Resp.”), to which Petitioner replied (Paper 30, “Pet. Reply”), and Patent Owner then filed a Sur-Reply (Paper 35, “PO Sur-Reply”). We heard oral arguments February 21, 2019. On June 4, 2019, we issued a Final Written Decision (Paper 45, “Final Dec.”) determining that Petitioner has not shown by a preponderance of the evidence that claims 16, 18, 19, 21, and 22 of the ’816 patent are unpatentable. On July 5, 2019, Petitioner filed a Request for Rehearing of Final Written Decision (Paper 43, “Req.”).

II. PRINCIPLES OF LAW

A party dissatisfied with a decision may file a request for rehearing, without prior authorization from the Board. The burden of showing a decision should be modified lies with the party challenging the decision. The request must specifically identify all matters the party believes the Board misapprehended or overlooked, and the place where each matter was previously addressed in a motion, an opposition, or a reply.

37 C.F.R. § 42.71(d). “When rehearing a decision on petition, a panel will review the decision for an abuse of discretion.” 37 C.F.R. § 42.71(c).

Further, “[t]he burden to prove unpatentability is on the petitioner, not on the patent owner or the Board. *Dynamic Drinkware, LLC v. National Graphics, Inc.*, 800 F.3d 1375, 1380 (Fed. Cir. 2015) (noting that the

petitioner in an *inter partes* proceeding has the initial burden of production and the burden of persuasion to prove unpatentability).

III. ANALYSIS

Petitioner contends that the Board misapprehended or overlooked three issues. Req. 2, 5, 8. We are not persuaded that we overlooked or misapprehended these issues for the reasons discussed below.

A. *Petitioner's Allegation That Iott's Rod Reducer Shaft Contacts Its Rod*

Acknowledging that “the Board disagreed with Petitioner that Iott's reducer shaft 304 need not *directly* contact a rod,” Petitioner alleges that we “overlooked that Iott, in fact, discloses such direct contact” between rod contact member 304 and rod 228. Req. 2. In our Final Written Decision, however, we focused specifically on Petitioner's showing with respect to the limitation requiring a rod contact member. Final Dec. 7–11, 19–20.

First, we explicitly construed the term “rod contact member” to require direct contact with a rod. Final Dec. 11. Then, we applied the proper claim interpretation in considering whether the Petition adequately showed that Iott's rod reducer shaft fairly reads on the claimed rod contact member. *Id.* at 9–11. In so doing, we explicitly considered Petitioner's evidence that Iott's rod reducer shaft contacts its rod, namely paragraph 71 of Iott, which we reproduced in full in our Final Written Decision. *Id.* at 20. Upon such consideration, we concluded that “[n]othing in this paragraph supports Petitioner's position that Iott's reducer shaft 304 contacts the rod as required by claim 16. Rather, this paragraph explicitly states that the cap engages the rod.” *Id.* (citing Ex. 1002 ¶ 71). Having fully considered Petitioner's evidence on this issue, including Iott's Figures 30–32, we are not persuaded that we overlooked or misapprehended Petitioner's evidence.

B. Petitioner's Allegation That Runco Discloses the Claimed Housing

Petitioner alleges that we “overlooked Petitioner's argument in the Reply and Patent Owner’s own admissions concerning ‘fixed.’” Req. 5 (citing Pet. Reply, 15, 19–20; PO Resp., 14, 43–44). In support of this allegation, Petitioner contends that “Patent Owner introduced and repeatedly recognized that the housing must be ‘fixed’ **only** when ‘the invention is activated,’ i.e., while ‘the rotatable member passes through the passageway’” and that “Petitioner addressed this matter in the Reply, and Patent Owner ignored it.” *Id.* at 6 (citations omitted). Then, Petitioner concludes that we overlooked Patent Owner’s “admission” and Petitioner’s response thereto. *Id.* at 6–7. Even if, however, we did overlook this argument and Patent Owner failed to address it in their Sur-Reply, our consideration of this argument does not change the outcome in this proceeding for the reasons discussed below.

To the extent that we overlooked Petitioner’s argument, we take this opportunity to clarify the record. Specifically, we consider Petitioner’s assertion that “Runco is indeed ‘fixed’ during activation of the device.” Req. 6. In its Reply, Petitioner asserts that “K2M erroneously argues that engaging tool 412 cannot be a claimed housing because it allegedly is not ‘fixed.’” Pet. Reply 19. According to Petitioner, “K2M concedes that the housing need only be ‘fixed’ when ‘the invention is *activated*,’ i.e., when ‘the rotatable member passes through the passageway.’” *Id.* at 19–20 (citing PO Resp. 14; Ex. 2100, 4, n.3). Petitioner further asserts that “K2M does not argue that engaging tool 412 moves while the rotatable member ‘passes through the passageway.’ Instead, K2M argues that portions of Runco move while ‘the device [is] placed onto a bone anchor.’” Req. 20 (citing PO Resp.

44). Then, Petitioner concludes that “[a]s such, tool 412 discloses a ‘housing.’” *Id.*

In an *inter partes* review, Petitioner has the burden of proving unpatentability by a preponderance of the evidence. *See* 35 U.S.C. § 316(e); *see also In re Magnum Oil Tools Int’l, Ltd.*, 892 F.3d 1364, 1380–81 (Fed. Cir. 2016) (holding that because “petitioner ... bears the burden of proof,” the Board is not “free to adopt arguments on behalf of petitioners that ... were not[] raised” and “must base its decision on arguments that were advanced by [petitioner], and to which [patent owner] was given a chance to respond”). “To satisfy its burden of proving obviousness, a petitioner cannot employ mere conclusory statements. The petitioner must instead articulate specific reasoning, based on evidence of record, to support the legal conclusion of obviousness.” *Magnum Oil Tools*, 892 F.3d at 1380 (citing *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 418 (2007)).

In the present case, Petitioner identifies *no evidence* either in Runco itself or in the declarations to show that Runco’s tool 412 is fixed during activation of the device. *See* Pet. Reply 18–21; *see also* Pet. 22–32; *see also* Ex. 1006 ¶¶ 70–117. Rather, Petitioner attempts to shift the burden to Patent Owner to demonstrate that this is not the case. *See* Pet. Reply 20 (“K2M does not argue that engaging tool 412 moves while the rotatable member ‘passes through through the passageway.’”). Further, to the extent that Petitioner is now taking the position that Runco’s ends 420A/420B correspond to the claimed housing (a position that does not appear to be clearly argued in its Petitioner or Reply), Petitioner provides *no evidence* in support of its allegation that ends 420A/420B are fixed during activation of the device, either. *See* Pet. Reply 18–21; *see also* Pet. 22–32. Thus, on the

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