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Paper 10
Entered: December 6, 2018

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GOOGLE LLC,
Petitioner,

v.

SEVEN NETWORKS, LLC,
Patent Owner.

Case IPR2018-01103
Patent 9,386,433 B2

Before JONI Y. CHANG, THOMAS L. GIANNETTI, and ROBERT J. WEINSCHENK, *Administrative Patent Judges*.

CHANG, *Administrative Patent Judge*.

JUDGMENT
37 C.F.R. § 42.73(b)

I. INTRODUCTION

Google LLC ("Petitioner") filed a Petition requesting an *inter partes* review of claims 1−30 ("the challenged claims") of U.S. Patent No. 9,386,433 B2 (Ex. 1001, "the '433 patent"). Paper 1 ("Pet."). SEVEN Networks, LLC ("Patent Owner") filed a Statutory Disclaimer (Ex. 2001), disclaiming all of the claims of the '433 patent, and a Preliminary Response (Paper 7, "Prelim. Resp."), arguing that the statutory disclaimer should not be treated as a request for an adverse judgment under 37 C.F.R. § 42.73(b). Pursuant to our authorization, Petitioner filed a Reply (Paper 8, "Reply") to the Preliminary Response, and Patent Owner filed a Sur-Reply (Paper 9, "Sur-Reply").

For the reasons stated below, we construe Patent Owner's statutory disclaimer as a request for adverse judgment under 37 C.F.R § 42.73(b), and grant the request for adverse judgment. Accordingly, we enter adverse judgement against Patent Owner as to disclaimed claims 1−30 of the '433 patent.

II. DISCUSSION

Section 42.2 defines "judgment" to mean "a termination of a proceeding" or "a final written decision by the Board." Section 42.73 is reproduced in part below (underlining added).

> **§ 42.73 Judgment**.
>
> (a) A judgment, except in the case of a termination, disposes of all issues that were, or by motion reasonably could have been, raised and decided.

> (b) *Request for adverse judgment.* A party may request judgment against itself at any time during a proceeding. Actions construed to be a request for adverse judgment include:
>
> (1) Disclaimer of the involved application or patent;
>
> (2) Cancellation or disclaimer of a claim such that the party has no remaining claim in the trial;
>
> (3) Concession of unpatentability or derivation of the contested subject matter; and
>
> (4) Abandonment of the contest.
>
> (c) *Recommendation.* The judgment may include a recommendation for further action by an examiner or by the Director.
>
> (d) *Estoppel.*
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> * * * *
>
> (3) *Patent applicant or owner.* A patent applicant or owner is precluded from taking action inconsistent with the adverse judgment, including obtaining in any patent:
>
> (i) A claim that is not patentably distinct from a finally refused or canceled claim; or
>
> (ii) An amendment of a specification or of a drawing that was denied during the trial proceeding, but this provision does not apply to an application or patent that has a different written description.

The parties' dispute centers on whether a statutory disclaimer of all the challenged claims should be construed as a request for adverse judgment under § 42.73(b). If the statutory disclaimer is construed as a request for adverse judgment and the request is granted, Patent Owner would be precluded under the estoppel provision of § 42.73(d)(3)(i) from presenting a claim that is not patentably distinct from the disclaimed claims, in its continuing applications or other subsequent proceedings before the Office.

Cf. Ex Parte Aoki, Appeal No. 2012-010117, 2015 WL 3827164 (PTAB June 15, 2015) (affirming Examiner's final rejection of claims not patentably distinct from claims on which adverse judgment had been entered against applicant in a prior interference proceeding); 37 C.F.R. § 41.127.

In its Preliminary Response, Patent Owner argues that, by filing its statutory disclaimer *before* institution of a trial, it is not requesting an adverse judgment under § 42.73(b). Prelim. Resp. 1. Rather, Patent Owner requests that the Petition be terminated without the entry of adverse judgment because the "IPR does not begin until instituted." *Id*. at 1−2. Patent Owner also avers that § 42.73(b) requires "no remaining claim *in the trial*." *Id*. at 2. Patent Owner further contends that "(1) the Board lacks authority to enforce adverse judgement where the claims are disclaimed *prior to institution*; and (2) even if the Board has such authority, public policy discourages such enforcement." Sur-Reply 1−2.

Petitioner counters that adverse judgment should be entered against Patent Owner. Reply 1. Petitioner indicates that the procedural posture here is the same as in *Arthrex, Inc. v. Smith & Nephew, Inc.*, 880 F.3d 1345 (Fed. Cir. 2018), in which the U.S. Court of Appeals for the Federal Circuit affirmed the Board's entry of adverse judgment because the patent owner disclaimed all the challenged claims prior to institution of an *inter partes* review. Reply 1−3. Petitioner argues that the equitable considerations here are also the same as in *Arthrex*, in that "it would be unfair if Patent Owner were able to avoid Petitioner's challenge through a statutory disclaimer and then pursue patentably indistinct claims in its continuation applications." *Id*.

at 2 (citing the Board's Decision in *Arthrex*, Case IPR2016-00917, slip op. at 8−9 (Paper 12) (PTAB Sept. 21, 2016)). We agree with Petitioner.

In this proceeding, Patent Owner filed a statutory disclaimer for all the claims of the '433 patent (i.e., all the challenged claims). Ex. 2001. Under § 42.73(b), a "party may request judgment against itself *at any time during a proceeding*," not only after a proceeding has been instituted as Patent Owner suggests. In *Arthrex*, the Federal Circuit held that "37 C.F.R. § 42.73(b) permits the Board to enter an adverse judgment when a patent owner cancels all claims at issue after an IPR petition has been filed, but *before an institution decision*." *Arthrex*, 880 F.3d at 1350 (emphasis added); *see also id*. at 1351 ("agree[ing] that the Board's interpretation of 37 C.F.R. § 42.73(b) is consistent with the text of that regulation") (Judge O'Malley, concurring). The Federal Circuit also noted that § 42.2 defines "proceeding" as "a trial or preliminary proceeding," which "*begins with the filing of a petition* for instituting a trial." *Id*. at 1350 (emphasis added). Therefore, it is appropriate here to construe Patent Owner's statutory disclaimer as a request for adverse judgment under § 42.73(b). 37 C.F.R. § 42.73(b) ("Actions construed to be a request for adverse judgment include: (1) Disclaimer of the involved application or patent; (2) Cancellation or disclaimer of a claim such that the party has no remaining claim in the trial . . . .").

Patent Owner's argument that it is not requesting an adverse judgment is unavailing. As the Federal Circuit indicated, "§ 42.73(b) gives the Board authority to construe a patent owner's actions as a request for an adverse judgement, suggesting the *Board's* characterization of the action rather than the patent owner's characterization is determinative." *Arthrex*, 880 F.3d at

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