

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

BMW OF NORTH AMERICA, LLC AND MERCEDES-BENZ USA, LLC,
Petitioner,

v.

STRAGENT, LLC,
Patent Owner.

IPR2021-00419
Patent 9,705,765 B2

Before STACEY G. WHITE, DANIEL J. GALLIGAN, and JASON M.
REPKO, *Administrative Patent Judges*.

WHITE, *Administrative Patent Judge*.

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

I. INTRODUCTION

BMW of North America and Mercedes-Benz USA, LLC (collectively “Petitioner”), seek rehearing¹ of our Decision Denying Institution (Paper 14, “Dec.” or “Decision”). Paper 15 (“Rehearing Request” or Req. Reh’g). In the Decision, we denied Petitioner’s request to institute an *inter partes* review (Paper 1, “Pet.” or “Petition”) of claims 1–31 of U.S. Patent No. 9,705,765 B2 (Ex. 1001, “the ’765 patent”). Dec. 21. The denial was based on our exercise of discretion under 35 U.S.C. § 325(d). *Id.* Pursuant to our Order, Petitioner and Patent Owner Stragent, LLC each filed briefing in support of their respective positions on the Rehearing Request. Paper 18 (Order), Paper 19 (“Pet. Reh’g Br.”), Paper 20 (“PO Reh’g Br.”). For the reasons that follow, Petitioner’s Request for Rehearing is denied.

II. STANDARD OF REVIEW

A party requesting rehearing bears the burden of showing that the decision should be modified. 37 C.F.R. § 42.71(d). Under 37 C.F.R. § 42.71(d), a party requesting rehearing of a decision on institution must identify specifically all matters we misapprehended or overlooked, and the place where each matter was previously addressed. *Id.* 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. U.S.*, 393 F.3d 1277, 1281 (Fed. Cir. 2005).

¹ Petitioner sought Precedential Opinion Panel review, but the request for Precedential Opinion Panel review was denied. Paper 17.

III. ANALYSIS

A. Background

In the Decision, we concluded that the circumstances presented warranted the exercise of our discretion to deny institution based on 35 U.S.C. § 325(d). Dec. 21. We reviewed the facts presented in light of the two-part framework presented in *Advanced Bionics, LLC v. Med-El Elektromedizinische Geräte GmbH*, IPR2019-01469, Paper 6, 8 (PTAB Feb. 13, 2020) (precedential) and the non-exclusive list of factors discussed in *Becton, Dickinson & Co. v. B. Braun Melsungen AG*, IPR2017-01586, Paper 8, 17–18 (PTAB Dec. 15, 2017) (precedential as to § III.C.5, first paragraph). *Id.* at 11.

As an initial matter, we note that in its Request for Rehearing Petitioner contends that our Decision is in error because it would allow patent owners to side-step Board decisions because “a patent owner could simply engage in an end-run around the Board’s decisions through continuation practice by (1) identifying references in an IDS, and (2) in any subsequent IPR on the issued patent, presenting arguments that the issued claims are patentably distinct from the previous invalidated claims.” Req. Reh’g 7. That, however, is not improper. If the claims are in fact patentably distinct, then Patent Owner is within its rights to pursue them before the Office. *See* 37 C.F.R. § 42.73(d)(3)(i) (estopping patent owners from seeking to obtain any patent claim “that is not patentably distinct from a finally refused or canceled claim”).

Petitioner further asserts that our Decision is in error because neither prong of the *Advanced Bionics* framework is met. Req. Reh’g 7–15; Pet. Reh’g Br. 1–7. We review Petitioner’s arguments as applied to each portion of the *Advanced Bionics* framework.

B. Part One of the Advanced Bionics Framework

Part one of the *Advanced Bionics* framework directs us to determine whether the same or substantially the same art or arguments previously were presented to the Office. *Advanced Bionics*, Paper 6 at 10. Petitioner, however, contends that “[u]nder Part One of the *Advanced Bionics* framework, ‘the art **and arguments** must have been previously presented to the Office during proceedings pertaining to the challenged patent.’” Req. Reh’g 8 (citing *Advanced Bionics*, Paper 6 at 7–8). Petitioner argues that Patent Owner failed “to present any papers from the previous IPRs – including this Board’s institution decisions—during the prosecution of the ’765 patent.” Pet. Reh’g Br. 1. Thus, Petitioner contends that “the inquiry stops there because there is no legally sufficient evidence that ‘the art and arguments,’ i.e., the Board’s findings from the prior IPR institution decisions regarding OSEK, and which form a basis for proper interpretation of the grounds presented in the petition, were ‘previously presented to the Office.’” *Id.* We are not persuaded by Petitioner’s arguments.

We first turn to the words of the statute. Section 325(d) allows for the discretion not to institute a proceeding if the challenge is based on matters previously presented to the Office. The statute states, in relevant part,

In determining whether to institute or order a proceeding under this chapter, chapter 30, or chapter 31, the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.

35 U.S.C. § 325(d). Thus, the very words of the statute specify that the exercise of discretion may be based on the presentation of the same (or substantially the same) art **or** arguments. Petitioner’s quotation from *Advanced Bionics* is taken out of context and Petitioner bases its argument

on an interpretation that is contrary to the statute and *Advanced Bionics* itself.

As stated in *Advanced Bionics*,

35 U.S.C. § 325(d) identifies *two separate issues* for the Director to consider in exercising discretion to deny institution of review: whether the petition presents to the Office the same or substantially the same art previously presented to the Office, *or* whether the petition presents to the Office the same or substantially the same arguments previously presented to the Office.

Advanced Bionics, Paper 6 at 7 (emphasis added).

In the Decision, we were persuaded that Part One of the *Advanced Bionics* framework was satisfied “because each of the OSEK references and Staiger were identified on an IDS, which was signed by the Examiner, [indicating that] the six OSEK references and Staiger were considered during the prosecution of the ’765 patent.” Dec. 12–13 (citing Ex. 1002, 3478–80 (signed IDS); Ex. 1001, code (56) (references cited on the face of the ’765 patent)). As such, our finding was that “the same or substantially the same art previously was presented to the Office.” *Id.* at 13. We are not persuaded that that finding was in error.

C. Part Two of the Advanced Bionics Framework

After finding Part One of the *Advanced Bionics* framework to be satisfied, we moved to Part Two, which directs us to determine whether the petitioner has demonstrated that the Office erred in a manner material to the patentability of the challenged claims. *See Advanced Bionics*, Paper 6 at 8. Under this prong we analyzed “the extent to which the asserted art was evaluated previously and the existence of error in regards to that previous evaluation.” Dec. 13. Petitioner contends that we erred as to both points.

First, Petitioner asserts that our analysis as to the extent the asserted art was evaluated was in error because “the Examiner could not have

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