

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

FACEBOOK, INC.
Petitioner

v.

EVERYMD.COM LLC
Patent Owner

Case IPR2017-02027
Patent 9,137,192 B2

Before MICHAEL R. ZECHER, PATRICK M. BOUCHER, and
BRIAN D. RANGE, *Administrative Patent Judges*.

PER CURIAM

DECISION AND ORDER

Vacatur of Institution, Dismissal of Petition, and Termination of Trial
37 C.F.R. §§ 42.5(a), 42.71(a) and 42.72

Petitioner Facebook, Inc. (“Petitioner”) asks us to terminate this *inter partes* review proceeding and dismiss the Motion to Amend filed by EveryMD.com LLC (“Patent Owner”) as moot. Paper 14, 1; Paper 15, 1. Patent Owner asserts that Petitioner’s request does not have legal basis and does not make sense. Paper 19, 1. Because of the unique circumstances presented by this matter, and for the reasons explained below, we vacate our Institution Decision, dismiss the Petition, and terminate trial, thereby obviating the need to reach the pending Motion to Amend.

I. Procedural History

A timeline of relevant events regarding U.S. Patent No. 9,137,192 B2 (Ex. 1001, “the ’192 Patent”) is provided below.

1. On May 10, 2017, the U.S. District Court for the Central District of California granted Petitioner’s motion to dismiss litigation asserting infringement of the ’192 Patent. Ex. 1012, 21. The district court determined that the claims of the ’192 Patent are not patent-eligible under 35 U.S.C. § 101 because they are directed to an abstract idea. *Id.* at 5, 16, 21.
2. On August 30, 2017, Petitioner filed the Petition that resulted in the instant proceeding. Paper 2.
3. On February 7, 2018, we instituted an *inter partes* review as to all the claims and all grounds set forth in the Petition. Paper 5, 17–18.
4. On March 9, 2018, the U.S. Court of Appeals for the Federal Circuit entered a “Rule 36” Judgment affirming the district court’s unpatentability ruling. Ex. 1032.
5. On April 23, 2018, Patent Owner filed a Response to the Petition and filed a Motion to Amend. Papers 9, 10.

6. On May 4, 2018, the Federal Circuit denied Patent Owner's request for a rehearing of the "Rule 36" Judgment. Ex. 1033.
7. On July 6, 2018, Patent Owner statutorily disclaimed claim 1 of the '192 Patent. Ex. 1035.
8. On July 24, 2018, Patent Owner informed the panel in related Case IPR2018-00050 that it would not appeal the Federal Circuit's decision to the U.S. Supreme Court because "patent owner was not able to obtain admission to practice before the Supreme Court in time to file writ of certiorari." Ex. 1038.
9. On August 3, 2018, Petitioner filed an Opposition to the Motion to Amend and a Reply in support of its Petition. Papers 14, 15. For the first time, Petitioner argued that this proceeding should be terminated because all pending claims have been finally adjudicated unpatentable. Paper 14, 1-4; Paper 15, 1-2.
10. On August 21, 2018, Patent Owner filed its Reply to Petitioner's Opposition to the Motion to Amend and argued that this proceeding should not be terminated. Paper 19, 1-3.¹
11. On August 22, 2018, we conducted a call with both parties and invited additional briefing from the parties concerning our authority to terminate at this

¹ Patent Owner argues that appeal to the U.S. Supreme Court would have been a waste of judicial resources because Patent Owner disclaimed claim 1 and because the motion to amend claims 2, 3, 8 and 9 was non-contingent. Paper 19, 2. The language of Patent Owner's Motion to Amend, however, is not clear as to whether or not it is contingent. Paper 10. Patent Owner's Response to the Petition indicates that the Motion to Amend was contingent. Paper 9, 1 ("Patent Owner requests the Board to confirm the patentability of challenged independent claim 1 and dependent claims 2, 3, 8, 9, 12 and 16."). In any event, whether the Motion to Amend was contingent or non-contingent is not particularly germane because Patent Owner has disclaimed claim 1 and the courts have determined, with finality, that originally challenged claims 2, 3, 8, and 9 are unpatentable.

stage of the proceeding. Paper 20.

12. On August 24 and August 31, 2018, the parties provided further briefing regarding whether we possess the authority to terminate this proceeding and, if so, whether we should exercise that authority based on the circumstances presented here. Papers 21, 22.

In summary, the courts have finally adjudicated all claims of the '192 patent as unpatentable. Petitioner's original Petition concerning obviousness of the claims of the '192 patent is, unquestionably, moot. The only substantive papers that remain for our consideration relate to Patent Owner's Motion to Amend.

II. Analysis of Whether the Board has Legal Authority to Terminate a Proceeding

Pursuant to the applicable statutes and regulations, we hold that we may dismiss the Petition (Paper 2), thereby terminating this proceeding. In particular, 37 C.F.R. § 42.71(a) provides that “[t]he Board may take up petitions or motions for decisions in any order, may grant, deny, or dismiss any petition or motion, and may enter any appropriate order.” A “petition” is defined as “a request that a trial be instituted” and a “motion” is defined as “a request for relief other than by petition.” 37 C.F.R. § 42.2. Thus, the regulations expressly provide the Board with broad authority to dismiss a petition where appropriate; such authority is notably not constrained by the existence of pending motions, such as a motion to amend.

The Board's broad authority to dismiss the Petition, thereby terminating this proceeding, is further confirmed by 37 C.F.R. § 42.72, which states “[t]he Board may terminate a trial without rendering a final written decision, where appropriate,

including where the trial is consolidated with another proceeding or pursuant to a joint request under 35 U.S.C. 317(a) or 327(a).”

Patent Owner argues that it is not appropriate under 37 C.F.R. § 42.72 for the Board to terminate trial for any ground other than settlement at the joint request of the parties. Paper 21, 3. That argument is unpersuasive because it is inconsistent with the broad authority set forth in the regulation. Rather than limit the Board’s termination authority, the regulation expands it by explicitly setting forth special circumstances under which it also applies. 37 C.F.R. § 42.72 (“where appropriate, *including . . .*”) (emphasis added). The regulation further provides the Board with expansive discretion and flexibility to terminate in all “appropriate” circumstances. *See also* 37 C.F.R. § 42.5(a) (“The Board may determine a proper course of conduct in a proceeding for any situation not specifically covered by this part . . .”).

The regulations identified above are consistent with the applicable United States Code, which specifically contemplates dismissal of petitions after institution. In particular, 35 U.S.C. § 318(a) states, in relevant part, that, “[i]f an inter partes review is instituted *and not dismissed* under this chapter, the Patent Trial and Appeal Board shall issue a final written decision . . .” 35 U.S.C. § 318(a) (emphasis added.)

Our reviewing court’s interpretation of 35 U.S.C. § 318(a) supports this analysis. In *Medtronic, Inc. v. Robert Bosch Healthcare Sys., Inc.*, 839 F.3d 1382, 1383 (Fed. Cir. 2016), the Federal Circuit held that the Board’s vacatur of its institution decision and termination of proceedings was final and non-appealable under 35 U.S.C. § 314(d). In reaching this holding, the court rejected Medtronic’s argument that the Board lacked authority to reconsider its prior institution decision. *Id.* 1385. The court explained that “[35 U.S.C.] § 318(a) contemplates that a

proceeding can be ‘dismissed’ after it is instituted, and, as [the court’s] prior cases have held, ‘administrative agencies possess inherent authority to reconsider their decisions, subject to certain limitations, regardless of whether they possess explicit statutory authority to do so.’” *Id.* (citations omitted).

Furthermore, as Petitioner emphasizes, the United States Code expressly provided the Director of the U.S. Patent and Trademark Office with authority to prescribe regulations “establishing and governing inter partes review under this chapter and the relationship of such review to other proceedings under this title.” 35 U.S.C. § 316(a)(4). Under this statute, the Director promulgated, for example, 37 C.F.R. § 42.72 as governing *inter partes* review, which provides the Board the authority to dismiss a petition “where appropriate,” including where, as here, dismissal is appropriate in view of other proceedings under Title 35 (e.g., a final adjudication in a related district court infringement action).

We, thus, conclude that we have authority to dismiss the instant Petition, thereby terminating trial, where doing so is “appropriate” under 37 C.F.R. § 42.72.

III. Analysis of Whether it is Appropriate to Dismiss the Petition and Terminate Trial

Under the unique circumstances presented here, we determine that it is appropriate for us to reconsider and vacate our prior Institution Decision, dismiss the Petition, and terminate trial, thereby obviating the need to address the pending Motion to Amend. The following factors support this determination:

1. The courts have determined, with finality, that all existing claims of the ’192 Patent are unpatentable. As a result, every ground of unpatentability set forth in the Petition is now moot. *Cf. Asghari-Kamrani v. United Servs. Auto. Ass’n*, No. 2018-1040, 2018 WL 4334150, at *1 (Fed. Cir. Sept. 11, 2018) (non-precedential)

(dismissing the appeal of a final written decision in a covered business method patent review as moot because the parties agreed “affirmance of the district court’s in-eligibility decision has the effect of invalidating all claims” of the patent at issue). From the outset of this proceeding, the panel has expressed concern with moving forward with this *inter partes* review given the courts’ unpatentability determinations. *See, e.g.*, Paper 7 (Order discussing the impact of the courts’ decisions on this proceeding).

2. Patent Owner’s Motion to Amend was filed after the Federal Circuit affirmed the district court’s decision on unpatentability.

3. According to Petitioner, the ’192 Patent expires on November 23, 2019. Paper 14, 3. Patent Owner does not dispute this point. Paper 19, 3; *see also* Ex. 1001, [63] (the earliest priority date on the face of the ’192 Patent is November 23, 1999). Our statutory deadline for issuing a final written decision in this matter would be February 7, 2019. Petitioner argues that the proposed, substitute claims, even if permitted by the Board, would not take effect until after the ’192 Patent’s expiration because there is roughly nine months between the due date for a final written decision (i.e., February 7, 2019) and the expiration date of the ’192 Patent (i.e., November 23, 2019), and this period of time cannot possibly account for any Federal Circuit appeal, requests for rehearing, and issuance of an *inter partes* review certificate. Paper 14, 4–5. As a frame of reference, Petitioner explains that, in prior cases involving patents in the ’192 Patent’s family, it took 32 and 21 months, respectively, for a certificate to issue from the time of a notice of appeal. *Id.* at 5, n.4. Patent Owner does not dispute Petitioner’s assertions regarding the timing of an appeal to the Federal Circuit, the filing of any requests for rehearing,

and the issuance of an *inter partes* review certificate. Paper 19, 3.²

Therefore, even if we were to grant Patent Owner's Motion to Amend, we agree with Petitioner (Paper 14, 3–5) that, assuming a typical appeal process, the '192 Patent would be likely to expire prior to Patent Owner's proposed, substitute claims becoming effective. As such, resolution of the Motion to Amend on the merits would be an inefficient use of the Board's resources.

4. Consideration of Patent Owner's Motion to Amend would also be an inefficient use of the Board's resources because the regulations provide that a motion to amend may be denied where "[t]he amendment does not respond to a ground of unpatentability involved in the trial." 37 C.F.R. § 42.121. As we explain above, the courts' decisions have rendered moot all grounds of unpatentability that Petitioner has raised in the trial. Because there is no ground of unpatentability remaining in the trial, it is difficult, if not impossible, to determine how Patent Owner's amendments respond to a "ground of unpatentability involved in the trial."

5. Petitioner has expressly requested termination of this matter. *See, e.g.*, Paper 14, 1; Paper 15, 1.³

² Patent Owner argues that, if we were to grant the Motion to Amend, Petitioner may have no good faith legal basis for appealing. Paper 19, 3. Based upon the present record, this argument is unpersuasive. Although we decline to address the merits of Patent Owner's Motion to Amend at this time, Petitioner appears to, at least, present a good faith argument that the proposed, substitute claims do not overcome prior art issues and/or patentability issues under 35 U.S.C. § 101. Paper 14, 6–25. Patent Owner's argument does not explain persuasively why Petitioner's arguments were not made in good faith.

³ 35 U.S.C. § 317 provides that, "[i]f no petitioner remains in the *inter partes* review, the Office may terminate the review or proceed to a final written decision under section 318(a)." Although Petitioner has not yet sought our authorization to

6. This proceeding remains at a relative early stage because no final written decision is due until February 7, 2019.

It is undisputed that we have discretion to deny institution. 35 U.S.C. § 314(a) (authorizing institution of an *inter partes* review under particular circumstances, but not requiring institution under any circumstances); *Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) (explaining that under § 314(a), “the PTO is permitted, but never compelled, to institute an IPR proceeding”). The “finite resources of the Board” is one of many factors that may be considered in considering whether or not to institute an *inter partes* review. *Gen. Plastic Indus. Co. v. Canon Kabushiki Kaisha*, Case IPR2016-01357, slip op. 15–16 (PTAB Sept. 6, 2017) (Paper 19) (precedential). Assessing amendments to claims that the courts have adjudicated, with finality, to be unpatentable, particularly when those amendments are unlikely to be entered prior to expiration of the subject patent, is an inefficient use of the Board’s resources. The Board’s finite resources could be more efficiently used, for example, assessing amendments to claims that will not expire prior to a final resolution of the issues raised by the parties. Thus, the factor considering the finite resources of the Board weighs heavily in favor of denying institution here.

Because it would be inefficient for the Board to allocate further limited resources to this particular *inter partes* review, we vacate our Institution Decision, dismiss the Petition, and terminate trial, thereby obviating the need to address the pending Motion to Amend.

withdraw from this *inter partes* review, Petitioner could seek our authorization to withdraw at any time, thereby triggering our authority to terminate the review under 35 U.S.C. § 317.

ORDER

Accordingly, it is:

ORDERED that our February 7, 2018, decision instituting an *inter partes* of U.S. Patent No. 9,137,192 B2 (Paper 5) is hereby *vacated*;

FURTHER ORDERED that the Petition in Case IPR2017-02027 (Paper 2) is hereby *dismissed*;

FURTHER ORDERED that Case IPR2017-02027 is hereby *terminated* with respect to both Petitioner and Patent Owner; and

FURTHER ORDERED that the oral argument originally scheduled for October 30, 2019, is cancelled.

IPR2017-02027
Patent 9,137,192 B2

For PETITIONER:

Heidi L. Keefe
Andrew C. Mace
Mark Weinstein
COOLEY LLP
hkeefe@cooley.com
amace@cooley.com
mweinstein@cooley.com

For PATENT OWNER:

Frank Michael Weyer
TECHCOASTLAW
fweyer@techcoastlaw.com