

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

TILE, INC.,
Petitioner,

v.

LINQUET TECHNOLOGIES, INC.,
Patent Owner.

IPR2021-00927
Patent 10,163,318 B2

Before STACEY G. WHITE, STEVEN M. AMUNDSON, and
STEPHEN E. BELISLE, *Administrative Patent Judges*.

BELISLE, *Administrative Patent Judge*.

ORDER

Denying Patent Owner's Motion to Dismiss Proceeding as Moot
37 C.F.R. §§ 42.71(a), 42.72

I. INTRODUCTION

On November 4, 2022, Linquet Technologies, Inc. (“Patent Owner”) filed an authorized Motion to Dismiss Proceeding as Moot (Paper 49, “Motion”). The Motion seeks to terminate the subject proceeding without issuance of a Final Written Decision, dismiss the Petition, and vacate the Institution Decision. Paper 49. Tile, Inc. (“Petitioner”) opposes. Paper 51. For the reasons discussed below, the Motion is *denied*.

II. BACKGROUND

On May 13, 2021, Petitioner filed a Petition (Paper 23, “Pet.”)¹ requesting an *inter partes* review of claims 1–21 (“Challenged Claims”) of U.S. Patent No. 10,163,318 B2 (Ex. 1001, “the ’318 patent”). On November 17, 2021, we instituted an *inter partes* review of claims 1–21 of the ’318 patent on all grounds of unpatentability alleged in the Petition. Paper 26 (“Institution Decision” or “Dec.”). We held a hearing on August 24, 2022, and a transcript of the hearing appears in the record. Paper 48 (“Tr.”). The Final Written Decision in this proceeding is due by November 17, 2022 (or thirteen days after the Motion), and was substantially complete prior to the Motion.

At the time of the Petition’s filing, the parties indicated that the ’318 patent was involved in one U.S. district court action, namely, *Linquet, Inc. v. Tile, Inc.*, Case No. 3:20-cv-05153 (N.D. Cal.) (“District Court Case”). Pet. 1; Paper 5, 1. Subsequently, in an order dated July 18, 2022,

¹ Petitioner filed a Petition (Paper 2) and a corrected Petition (Paper 23). We reference the corrected Petition filed on September 22, 2021.

the district court dismissed the District Court Case *with prejudice* and terminated the case:

In this patent infringement action, [Linquet / Patent Owner] has accused the tracking tag products of [Tile / Petitioner] of infringing [the '318 patent]. The Court dismissed the first amended complaint (FAC), on the grounds that the '318 patent was directed to patent-ineligible subject matter under 35 U.S.C. § 101. Linquet was granted leave to file the SAC [second amended complaint], which Tile asks to dismiss again for patent-ineligible subject matter. The parties' familiarity with the record, and the Court's prior order in particular, is assumed. Tile's motion to dismiss is granted, and the case is terminated.

Ex. 1047, 1, 6 (internal citations omitted).

On August 16, 2022, Patent Owner appealed to the Federal Circuit² from this order and the district court's judgment rendering invalid all claims of the '318 patent. The Federal Circuit docketed this appeal on August 24, 2022, as Case No. 22-2150. Motion 2. On October 25, 2022, Patent Owner filed a consent motion *to voluntarily dismiss the appeal* with prejudice. *Id.* In an Order dated November 1, 2022, the Federal Circuit stated, "[t]he court generally does not specify whether a dismissal of an appeal is with prejudice," and ordered, "[t]he motion is granted to the extent that the appeal is dismissed." Ex. 2014. The court also indicated that this Order issued as a mandate as of November 1, 2022. *Id.*

Notably, although not identified to the Board by Patent Owner during this proceeding, *three* continuation patent applications claim priority to the '318 patent, namely, (1) U.S. Patent Appln. No. 16/227,572, now U.S. Patent No. 10,769,924, issued September 8, 2020; (2) pending U.S. Patent

² U.S. Court of Appeals for the Federal Circuit ("Federal Circuit").

Appln. No. 17/014,895, filed September 8, 2020; and (3) pending U.S. Patent Appln. No. 17/704,348, filed March 25, 2022 (*during this proceeding*) (collectively “Related Patent Applications”).³

III. ANALYSIS

Patent Owner argues, “[t]he present proceedings are rendered moot by the District Court’s invalidation of the ’318 patent [under Section 101], and terminating the proceedings without issuance of a final written decision would promote efficiency, preserve costs, and accord with precedent.” Motion 1. We disagree.

By statute, “[i]f an *inter partes* review is instituted and not dismissed under this chapter, the [Board] *shall issue* a final written decision with respect to the patentability of any patent claim challenged by the petitioner” 35 U.S.C. § 318(a) (2018) (emphasis added). Even where a petitioner and patent owner *jointly* request to terminate an *inter partes* review, the Board need not do so if it “has decided the merits of the proceeding before the request for termination is filed,” and even where no petitioner remains in a case, the Board still may “proceed to a final written decision.” 35 U.S.C. § 317(a); *see* 37 C.F.R. § 42.74(a) (2022) (“The parties may agree to settle any issue in a proceeding, but the Board is not a party to the settlement and may independently determine any question of jurisdiction, patentability, or Office practice.”). In other words, even if the parties in an *inter partes* review before the Board render the patentability

³ *See* Consolidated Trial Practice Guide at 18 (Nov. 21, 2019) (“Administrative matters include every application and patent claiming, or which may claim, the benefit of the priority of the filing date of the party’s involved patent or application”).

dispute between them moot, the Board still may decide issues of patentability raised in the Petition.

By rule, “[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,” 37 C.F.R. § 42.71 (emphases added), and “*may* terminate a trial without rendering a final written decision, *where appropriate*,” 37 C.F.R. § 42.72 (emphases added). Patent Owner recognizes this authority of the Board, but characterizes it as a reason to terminate the subject proceeding. Motion 2–3. However, these rules equally authorize the Board to *not* terminate a proceeding or to *not* dismiss a petition where the Board does not deem it appropriate under the circumstances at hand.

In this case, our Final Written Decision would constitute an adverse judgment against Patent Owner, and consequently, Patent Owner would be precluded “from taking action inconsistent with the adverse judgment, including obtaining in any patent . . . [a] claim that is not patentably distinct from a finally refused or canceled claim,” among other things. 37 C.F.R. § 42.73(d)(3). Given Patent Owner’s Related Patent Applications (and potential future related applications), our Final Written Decision by rule affects not only the Challenged Claims in this case but also those Related Patent Applications and any future related applications, unlike the District Court’s July 18, 2022 order invalidating the particular Challenged Claims under Section 101. In view of (a) this estoppel against Patent Owner beyond the present proceeding,⁴ (b) the substantial resources expended by the parties

⁴ Although these estoppel provisions are mentioned in the Board’s termination decision in *Stripe, Inc. v. Boom! Payments, Inc.*, CBM2020-

and the Board in this trial, (c) our having decided the merits of the proceeding before the request for termination and Motion were filed, and having prepared a substantially complete Final Written Decision before the Motion was filed, such that few, if any, efficiencies or cost savings would be derived from terminating the proceeding at this juncture, and (d) the public's interest in canceling invalid patents and its interest in the estoppel effects discussed above,⁵ we decline to exercise our discretion to terminate this proceeding by granting the Motion.

Patent Owner argues the Board should terminate this proceeding because if the Board does not and instead issues the Final Written Decision, and *if* Patent Owner were to appeal to the Federal Circuit from that decision, then the Federal Circuit would deem the matter appealed to be moot in view of the District Court Case, vacate the Final Written Decision, and direct the Board to dismiss the underlying Petition. We find Patent Owner's argument unavailing for at least three reasons.

First, the Board need not and will not attempt to divine what actions Patent Owner may or may not take upon issuance of our Final Written

00002, Paper 49 (PTAB March 4, 2021), this is a non-precedential Board decision involving circumstances different than in this proceeding, as discussed below. *See* Motion 4.

⁵ *See OpenSky Indus., LLC v. VLSI Tech. LLC*, IPR2021-01064, Paper 102 at 5, 38 (PTAB Oct. 4, 2022) (precedential) (discussing the “public[’s] interest in canceling invalid patents, clearing the path for future innovation, and removing the tax on society caused by the litigation and licensing of invalid patents”); *see also Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 138 S. Ct. 1365, 1373 (2018) (“By ‘issuing patents,’ the PTO ‘take[s] from the public rights of immense value, and bestow[s] them upon the patentee.’”).

Decision in this proceeding. We find no compelling reason to constrict the Board's statutory function to issue a final written decision in this proceeding based on Patent Owner's future litigation tactics.

Second, none of the Federal Circuit cases or Board decisions cited by Patent Owner in the Motion involve the unique circumstances of this case, namely, where a patent owner itself *requested dismissal* of its pending appeal to the Federal Circuit from a district court's adverse judgment of patent invalidity under Section 101 while a final written decision in an *inter partes* review of that patent was imminent, and where an appeal to the Federal Circuit from the Board's final written decision potentially would have been consolidated with the earlier appeal involving the district court judgment. Motion 3–5.⁶

⁶ See *Apple Inc. v. Voip-Pal.com, Inc.*, 976 F.3d 1316, 1321 (Fed. Cir. 2020) (Federal Circuit “*affirmed* the district court’s judgment that the asserted claims were patent ineligible” (emphasis added)); *Visa Inc. v. Universal Secure Registry, LLC*, 857 F. App’x 1029 (Fed. Cir. 2021) (Federal Circuit “*affirmed* a district court’s judgment that all claims of the [patent challenged in an *inter partes* review] are patent ineligible” (emphasis added)); *Apple Inc. v. Universal Secure Registry LLC*, 857 F. App’x 659 (Fed. Cir. 2021) (Federal Circuit “*held* all the claims at issue in this appeal ineligible under 35 U.S.C. § 101” (emphasis added)); *Stripe, Inc. v. Boom! Payments, Inc.*, CBM2020-00002, Paper 49 (PTAB March 4, 2021) (recognizing that “Federal Circuit *affirmed* a district court’s determination that [the challenged claims in the subject *inter partes* review] . . . are unpatentable under 35 U.S.C. § 101” (emphasis added)); *Facebook, Inc. v. EveryMD.com*, IPR2017-02027, Paper 24 at 2–4, 9 (PTAB Oct. 9, 2018) (recognizing that “Federal Circuit entered a ‘Rule 36’ Judgment *affirming* the district court’s unpatentability ruling” (emphasis added)); *Mylan Pharms. Inc. v. Saint Regis Mohawk Tribe*, 2019 WL 4733641, at *1 (PTAB Sept. 27, 2019) (recognizing that “Federal Circuit *affirmed* the district court’s decision [of unpatentability based on obviousness] by Rule 36 judgment,” and “Patent Owner’s petition for a writ of certiorari was *denied*” (emphases added));

Third, the Supreme Court has held in circumstances similar to the present proceeding, where any potential mootness of an appeal is not a result of “happenstance” *but rather caused by voluntary action of the party seeking relief*, that the equitable tradition of vacatur of the lower forum’s decision is inapplicable, despite the decision being unreviewable. *U.S. Bancorp Mortg. Co. v. Bonner Mall P’ship*, 513 U.S. 18 (1994).

In *U.S. Bancorp*, the parties “agree[d] that vacatur must be decreed for those judgments whose review is, in the words of *Munsingwear*,⁷ ““prevented through happenstance””—that is to say, where a controversy presented for review has ‘become moot *due to circumstances unattributable to any of the parties.*’” 513 U.S. at 23 (emphasis added). But the Supreme Court held “*Munsingwear*, and the post-*Munsingwear* practice, cannot bear the weight of the present case,” namely, where *the party seeking relief from a judgment below caused the mootness by voluntary action*, such as through settlement. *Id.* at 23–24.

The principles that have always been implicit in our treatment of moot cases counsel against extending *Munsingwear* to settlement. From the beginning we have disposed of moot cases

Facebook, Inc., v. Bascom Rsch., LLC, 2015 WL 1009193, at *1 (PTAB Feb. 24, 2015) (recognizing that “the parties filed a *joint motion* to terminate the instant proceeding” based upon a stipulation and agreement between the parties to seek termination of review before the Board (emphasis added)). Moreover, all of these cited Board decisions are non-precedential, and therefore not binding Board precedent.

⁷ *United States v. Munsingwear, Inc.*, 340 U.S. 36 (1950). *Munsingwear* is cited in *Apple Inc. v. Voip-Pal.com, Inc.*, 976 F.3d 1316, 1321 (Fed. Cir. 2020), which in turn is cited by Patent Owner in the Motion, for stating that the ““*established practice . . . in dealing with a civil case from a court in the federal system which has become moot while [on appeal] is to reverse or vacate the judgment below and remand with a direction to dismiss.*””

in the manner “‘most consonant to justice’ . . . in view of the nature and character of the conditions which have caused the case to become moot.” The principal condition to which we have looked is *whether the party seeking relief from the judgment below caused the mootness by voluntary action.*

The reference to “happenstance” in *Munsingwear* must be understood as an allusion to this *equitable* tradition of vacatur. A party who seeks review of the merits of an adverse ruling, but is frustrated by the vagaries of circumstance, ought not in fairness be forced to acquiesce in the judgment. The same is true when mootness results from unilateral action of the party who prevailed below. Where mootness results from settlement, however, the losing party has *voluntarily forfeited* his legal remedy by the ordinary processes of appeal or certiorari, *thereby surrendering his claim to the equitable remedy of vacatur. The judgment is not unreviewable, but simply unreviewed by his own choice.* The denial of vacatur is merely one application of the principle that “[a] suitor’s conduct in relation to the matter at hand may disentitle him to the relief he seeks.”

Id. at 24–25 (emphases added, internal citations omitted). The Supreme Court also cautioned, “[a]s always when federal courts contemplate equitable relief, our holding must also take account of the public interest”:

Judicial precedents are presumptively correct and valuable to the legal community as a whole. They are not merely the property of private litigants and should stand unless a court concludes that the public interest would be served by a vacatur.

Id. at 26 (quotations omitted).

In this case, the District Court Case was on appeal to the Federal Circuit, and would have remained on appeal at the time of issuance of our Final Written Decision in this case. As noted above, any timely appeal to the Federal Circuit from the Final Written Decision would have resulted in co-pending appeals involving the same challenged patent, and potentially would have resulted in consolidation of such appeals by the Federal Circuit.

But rather than allow these parallel processes to play out in the normal course of litigation, Patent Owner voluntarily sought and obtained dismissal of the pending Federal Circuit appeal, thus causing any mootness of an appeal from our Final Written Decision by its own voluntary action—this certainly is not the “happenstance” referenced in *Munsingwear*.

Nonetheless, we do not attempt to divine whether the Federal Circuit would extend the extraordinary remedy of vacatur to our Final Written Decision in view of the unique circumstances of this case. Instead, we find it inappropriate to exercise our discretion to terminate this proceeding under such circumstances, and decline Patent Owner’s invitation to do so.

IV. ORDER

Accordingly, it is:

ORDERED that Patent Owner’s Motion is *denied*.

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