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Paper 28
Entered: May 14, 2015

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

WESTLAKE SERVICES, LLC,
Petitioner,

v.

CREDIT ACCEPTANCE CORP.,
Patent Owner.

Case CBM2014-00176
Patent 6,950,807

Before JUSTIN T. ARBES, DAVID C. McKONE, and
GREGG I. ANDERSON, *Administrative Patent Judges*.

MCKONE, *Administrative Patent Judge*.

ORDER
PATENT OWNER'S MOTION TO TERMINATE
35 U.S.C. § 325(e); 37 C.F.R. § 42.73(d)

Patent Owner requested authorization to file a motion to terminate pursuant to 35 U.S.C. § 325(d) and (e)(1) in light of our Final Written Decision (Paper 66) in CBM2014-00008 (“CBM-008”). Paper 24, 2. We granted Patent Owner authorization to file a motion pursuant to Section 325(e)(1), but denied authorization to file a motion pursuant to Section 325(d). *Id.* at 3–4. Pursuant to this authorization, Patent Owner filed its Motion to Terminate Pursuant to 35 U.S.C. § 325(e)(1) (Paper 25, “Mot.”). Petitioner, in turn, filed a Response to Patent Owner’s Motion (Paper 26, “Resp.”). Upon consideration of the Motion and Response, Patent Owner’s Motion is denied.

In CBM-008, Petitioner petitioned for review of claims 1–42 of U.S. Patent No. 6,950,807 (“the ’807 patent”). CBM-008, Paper 8. We instituted a trial as to claims 1–9, 13, and 34–42. CBM-008, Paper 30. After our institution decision, and after Petitioner had filed a request for rehearing on other grounds, the Supreme Court issued *Alice Corp. Pty. LTD v. CLS Bank International*, 134 S. Ct 2347 (2014) and vacated *Ultramercial, Inc. v. Hulu, LLC*, 722 F.3d 1335 (Fed. Cir. 2013) (*Ultramercial II*) (see *WildTangent, Inc. v. Ultramercial, LLC*, 134 S. Ct. 2870 (2014)). Petitioner requested authorization to file a second request for rehearing in light of *Alice*. CBM-008, Paper 40, 2. We ruled that Petitioner had not shown good cause for filing a second rehearing request, citing the advanced stage of the trial and noting that the Court’s ruling in *Alice* did not exist at the time of our Decision on Institution and, thus, could not have been overlooked or misapprehended. *Id.* at 3. We then noted that Petitioner was free to file another Petition challenging the claims of the ’807 patent. *Id.*

Petitioner then filed the Petition in this case. Paper 1 (later amended, *see* Paper 5). Subsequent to the filing of the Petition, the Federal Circuit, on remand from the Supreme Court, decided *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709 (Fed. Cir. 2014) (*Ultramercial III*), finding the claims ineligible for patent protection, an opposite result to what had been determined in *Ultramercial II*. After *Ultramercial III* and the institution of this proceeding (as to claims 10–12 and 14–33), we issued a Final Written Decision (Paper 66) in CBM-008, finding claims 1–9, 13, and 34–42 unpatentable under 35 U.S.C. § 101.

Under Section 325(e)(1),

The petitioner in a post-grant review of a claim in a patent under this chapter that results in a final written decision under section 328(a), or the real party in interest or privy of the petitioner, may not request or maintain a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that post-grant review.

To that end, our Rules provide:

A petitioner, or the real party in interest or privy of the petitioner, is estopped in the Office from requesting or maintaining a proceeding with respect to a claim for which it has obtained a final written decision on patentability in an *inter partes* review, post-grant review, or a covered business method patent review, on any ground that the petitioner raised or reasonably could have raised during the trial.

37 C.F.R. § 42.73(d)(1). Section 328(a), in turn, provides “[i]f a post-grant review is instituted and not dismissed under this chapter, the Patent Trial and Appeal Board shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner.”

According to Patent Owner, the language “any patent claim challenged by the petitioner” means that a final written decision, and hence estoppel, applies to all claims challenged by a petitioner in a petition—even claims for which we did not institute a trial. Mot. 2–3. According to Patent Owner, because of Section 328(a)’s requirement that a final written decision resolve all challenged claims, it necessarily incorporates the underlying decision on institution for those claims for which institution is denied. *Id.* Patent Owner contends that a contrary reading would undermine goals of the statute such as securing the just, speedy, and inexpensive review of proceedings and preventing serial challenges to a patent. *Id.* at 3–6. Patent Owner further argues that a narrow reading of the estoppel provision would undermine 35 U.S.C. § 324(e), which provides “[t]he determination by the Director whether to institute a post-grant review under this section shall be final and nonappealable.” *Id.* at 4.

Petitioner responds that the Patent Office has interpreted Sections 328(a) and 325(e) to apply on a claim-by-claim basis and, thus, estoppel should not apply to claims not instituted on nor addressed in the Final Written Decision in CBM2014-00008. Resp. 4–5. Petitioner points to the Patent Office’s responses to public comments received during the notice and comment period prior to promulgation of our Rules as evidencing the proper interpretations of these sections.¹ *Id.* For instance, in comments to 37 C.F.R. § 42.208(b), the Patent Office has stated that “35 U.S.C. 315(e), as amended, and 35 U.S.C. 325(e) provide for estoppel on a claim-by-claim basis, for claims in a patent that result in a final written decision,” Response

¹ Petitioner mischaracterizes the Office’s responses to comments as “rules,” which they are not, although they are illustrative of the Office’s positions.

to Comment 60 in CHANGES TO IMPLEMENT INTER PARTES REVIEW PROCEEDINGS, POST-GRANT REVIEW PROCEEDINGS, AND TRANSITIONAL PROGRAM FOR COVERED BUSINESS METHOD PATENTS; FINAL RULE, 77 Fed. Reg. 48680, 48703 (Aug. 14, 2012), and that

[t]he Board's determination not to institute an *inter partes* review, post-grant review, or covered business method patent review is not a final written decision within the meaning of 35 U.S.C. 318(a), as amended, and 35 U.S.C. 328(a), and thereby does not trigger the estoppel provisions under 35 U.S.C. 315(e), as amended, and 35 U.S.C. 325(e).

Response to Comment 66, 77 Fed. Reg. at 48703–04.

We agree with Petitioner that estoppel is applied on a claim-by-claim basis. By its terms, estoppel is invoked under Section 325(e)(1) as to “a claim in a patent” that “results in a final written decision under” 35 U.S.C. § 328(a). The Final Written Decision in CBM-008 in fact only ruled upon the patentability of claims 1–9, 13, and 34–42. CBM-008, Paper 66, 35. Patent Owner offers no persuasive support for its position that the Final Written Decision in CBM-008 (Paper 66) incorporated portions of the underlying Decision on Institution (Paper 30) as to non-instituted claims 10–12 and 14–33. The propriety of our exclusion of claims 10–12 and 14–33 from the Final Written Decision of CBM-008 is not before us in this matter. On the record before us, claims 10–12 and 14–33 are not claims in a patent that have resulted in a final written decision under Section 328(a), and thus, under Section 325(e)(1), estoppel does not apply to those claims.

We note that many of Patent Owner’s arguments, e.g., those directed to the frustration of the purposes of the America Invents Act and harassment or abuse of patent owners through serial petitions, more appropriately are addressed to Section 325(d), which provides for the discretion to “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.” *See Response to Comment 55*, 77 Fed. Reg. at 48702 (stating that, in response to concern over “efforts by petitioners to avoid estoppel through successive petitions against different claims within a patent,” the Office “recognizes these concerns and will exercise its authority under 35 U.S.C. 325(d), where appropriate, to deny petitions that submit the same or substantially the same prior art or arguments previously presented to the Office.”). Indeed, *Conopco, Inc. v. Procter & Gamble Co.*, Case IPR2014-00628 (PTAB Oct. 20, 2014) (Paper 21), on which Patent Owner relies (Mot. 5–6), addresses the applicability of 35 U.S.C. §§ 314(a) and 325(d), rather than Section 315(e) or 325(e).

Patent Owner, in its Preliminary Response (Paper 14, 7–10), asked us to exercise our discretion, under Section 325(d), to deny the Petition. We considered Patent Owner’s argument and, nevertheless, instituted this trial. Paper 15, 21–22. Patent Owner did not seek reconsideration of the Decision on Institution. We specifically denied Patent Owner authorization to reargue the applicability of Section 325(d) in its Motion to Terminate. Paper 24, 4.

To be clear, in declining to exercise our discretion to deny the Petition based on Section 325(d), we considered the impact of serial petitions on patent owners generally and the Patent Owner in this case specifically. We also considered the nature of the change in the law: here, two Supreme Court decisions, one of which vacated key precedent on which the CBM-008 Decision to Institute relied, as well as a Federal Circuit decision effectively reaching a conclusion opposite that of that key precedent. We further considered the impact of the timing of these cases on Petitioner’s ability to

present its arguments, both in CBM-008 and this proceeding. After weighing these considerations, we determined that it was inappropriate, under these unique circumstances, to deny the Petition. Paper 15, 21–22. The issuance of our Final Written Decision in CBM-008 does not change our view.

In consideration of the foregoing, it is hereby:

ORDERED that Patent Owner's Motion to Terminate Pursuant to 35 U.S.C. § 325(e)(1) is *denied*.

PETITIONER:

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