

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

TARGET CORPORATION
Petitioner

v.

DESTINATION MATERNITY CORPORATION
Patent Owner

Case IPR2014-00509
Patent No. RE43,531 E

Filed: November 6, 2014

Before LORA M. GREEN, THOMAS L. GIANNETTI,
JENNIFER S. BISK, MICHAEL J. FITZPATRICK, and
MITCHELL G. WEATHERLY, *Administrative Patent Judges*.

**PETITIONER'S REPLY IN SUPPORT OF ITS
MOTION FOR REHEARING PURSUANT TO 37 C.F.R. § 42.71(d)**

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I. ARGUMENT

A. **DMC Fails to Show that Target’s Analysis of § 315(c) Is Incorrect**

Target has not sought, and is not seeking, to file serial joinder motions or use joinder to obtain review of wholly unrelated patents or claims. Far short of showing particularly how or why Target’s analysis of § 315(c) is incorrect, DMC merely labels the “results” of that analysis “untenable.” (Paper 22, at 2-4.) But § 315(c) itself provides the PTAB with full authority—“discretion”—to police and prevent the “untenable” scenarios DMC prophesizes. *See* 35 U.S.C. § 315(c). Moreover, DMC does not claim that any of those scenarios are present here.

B. **The PTO’s Rules in 37 C.F.R. Chapter 42 Already Address and Mitigate Undue “Harassment of Patent Owners”**

DMC’s claim that “harassment” was “one of Congress’s greatest concerns” in enacting the AIA, (Paper 22, at 4), is an overstatement. As evidenced by the AIA’s post-grant review processes, such as IPR, Congress was far more concerned with “improving patent quality.” H.R. REP. NO. 112-98, pt. 1, at 39-40 (2011). Moreover, even if “harassment” was one of *many* Congressional concerns, the PTO’s rules already address it. As the Final Committee Report notes, “the Committee intends for the USPTO to address potential abuses . . . under its expanded procedural authority.” *Id.* at 48; *see also* 35 U.S.C. § 316. The PTO used that authority to draft the rules in 37 C.F.R. Chapter 42, which are designed to prevent various “abuses,” including by imposing sanctions for misconduct, *see* 37

C.F.R. § 42.12; *see also* 35 U.S.C. § 316(a)(6), and time limits for taking certain actions, such as seeking joinder, *see* 37 C.F.R. § 42.122(b); *see also* 35 U.S.C. § 316(a)(12). DMC does not claim that any of these rules have been breached.

Moreover, DMC cannot reasonably claim any “harassment” here. Target is simply seeking to do now what DMC could have done itself, but failed to do—to have the validity of DMC’s patents reviewed by the PTO in view of a significant prior art reference, *Asada* (*see* Exs. 1034, 1035), which DMC knew of yet withheld both from the PTO, during reissue proceedings, and Target, during litigation. (*See* Paper 3, at 10-11.) If DMC were truly concerned with “assum[ing] quiet title” over its patents, (Paper 22, at 4), DMC would have allowed either the PTO or the PTAB to assess their validity in view of *Asada*. DMC has done neither.

C. The Stage of the Related Instituted Proceedings Is Not an Absolute Barrier to Joinder

DMC argues that the stage of the related proceedings (IPR2013-00530–533) should preclude joinder. (Paper 22, at 6.) DMC is incorrect. The PTAB’s final decisions in those proceedings are not “due” until mid-February 2015. *See* 35 U.S.C. § 316(a)(11). But the PTAB has discretion to extend that time period “by not more than six months” in any case and further “adjust” the statutory “time periods . . . in the case of joinder.” *Id.*; 37 C.F.R. § 42.100(c). The PTAB also has broad discretion to “determine a proper course of conduct” in proceedings in which unique issues arise. *Id.* § 42.5(a). And although the PTAB construes its rules “to

secure the just, speedy, and inexpensive resolution of every proceeding,” *id.* § 42.1(b), it should not elevate “speedy” over “just” in matters, such as this one, where the mere passage of time—after Target *timely* filed its joinder motion—could undermine Target’s ability to obtain joinder and, thus, institution of IPR. Given the inequity and injustice that would arise if, on rehearing, Target’s joinder motion is considered on its merits but denied simply because of the stage of the related proceedings, this is precisely the situation in which the PTAB can and should exercise its authority to withhold its final decisions in—or, pursuant to 37 C.F.R. § 42.122(a), stay—those proceedings for a short time, both to effect joinder and, assuming institution of IPR, allow the parties to complete trial.

D. The PTAB Has Full Authority to Seat an Expanded Panel

DMC’s arguments that creating an expanded panel “would violate due process, the APA, and 35 U.S.C. § 2(b)(2),” (Paper 22, at 7-13), are overwrought. Target makes its request pursuant to the PTAB’s Standard Operating Procedure 1, § III (Rev. 13, Feb. 12, 2009) (“SOP 1”). As DMC admits, the PTAB’s predecessor, the BPAI, used SOP 1 to create “expanded panels.” (Paper 22, at 11.) DMC does not argue that SOP 1 is improper *per se*,¹ just that “Target provides no legal authority” showing that it “applies here.” (*Id.*) SOP 1 does apply here,

¹ Indeed, it is not. In *In re DBC*, 545 F.3d 1373, 1379 (Fed. Cir. 2008), the Court quoted the prior version of SOP 1 without questioning its authority or validity.

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