

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

WAVEMARKET INC. d/b/a LOCATION LABS,
Petitioner,

v.

LOCATIONNET SYSTEMS LTD.,
Patent Owner.

Case IPR2014-00920
Patent 6,771,970 B1

Before KRISTEN L. DROESCH, GLENN J. PERRY, and
SHERIDAN K. SNEDDEN, *Administrative Patent Judges*.

DROESCH, *Administrative Patent Judge*.

DECISION ON REQUEST FOR REHEARING
37 C.F.R. § 42.71(d)

I. INTRODUCTION

Wavemarket, Inc. d/b/a Location Labs (“Petitioner”) filed a Petition for *inter partes* review of claims 1–17 and 19 of U.S. Patent No. 6,771,970 B1 (“the ’970 Patent”) on June 9, 2014. Paper 3 (“Pet.”). The ’970 Patent is

also at issue in several district court proceedings. *See* Pet. 2; Paper 7, 1–2. LocationNet Systems Ltd. (“Patent Owner”) filed a Preliminary Response (Paper 8, “Prelim. Resp.”) asserting the Petition is barred under 35 U.S.C. § 315(b) because it was filed more than one year after Petitioner’s privies were each served with a complaint alleging infringement of the ’970 Patent. Prelim. Resp. 16–21. Patent Owner filed a Request for Rehearing of our Decision of December 16, 2014 (Paper 11, “Dec.” or “Decision”) instituting *inter partes* review of claims 1–17 and 19 of the ’970 Patent. Paper 15 (“Req. Reh’g”). For the reasons that follow, the Request for Rehearing is *denied*.

II. STANDARD OF REVIEW

In its request for rehearing, the dissatisfied party must identify, specifically, all matters the party believes the Board misapprehended or overlooked, and the place where each matter was addressed previously. 37 C.F.R. § 42.71(d). Upon a request for rehearing, the decision on a petition will be reviewed for an abuse of discretion. 37 C.F.R. § 42.71(c).

III. DISCUSSION

Patent Owner contends that in our Decision to institute *inter partes* review we misapprehended or overlooked the following matters:

- (a) privity need not be assessed at the time the third parties were served with infringement complaints (Req. Reh’g 1, 3–5);
- (b) preclusion based on privity can apply even in the absence of control (*id.* at 2, 13–15); and
- (c) Patent Owner’s evidence demonstrating: (1) privity at the time of service of the infringement complaints (*id.* at 1, 7–10), and (2) privity

based on Petitioner's control over the third parties' defense in the district court proceedings prior to the Petition filing (*id.* at 2, 7, 10–13; *see id.* at 5–6).

A. Privity Need Not be Assessed at Time of Service of Complaints

Patent Owner argues that we misapprehended or overlooked the law of privity because privity need not be assessed at the time that Sprint, AT&T, and T-Mobile were served respectively with complaints. Req. Reh'g. 1, 3–4 (quoting Dec. 8). Patent Owner contends that 35 U.S.C. § 315(b) does not require privity to exist at the time a complaint asserting patent infringement is served on a privity of a petitioner. *Id.* at 4 (quoting 35 U.S.C. § 315(b)); *see id.* at 1. Patent Owner further contends that based on the plain language of the statute, the assessment of privity should take into account the relationship of the parties up until the petition is filed. *Id.* at 4–5 (citing 37 C.F.R. § 42.101; *Synopsis, Inc. v. Mentor Graphics Corp.*, IPR2012-00042, slip op. 12 (PTAB Feb. 19, 2014) (Paper 60)); *see id.* at 1.

Patent Owner does not identify, specifically, where arguments regarding the timing of the existence of privity in the context of 35 U.S.C. § 315(b) were raised previously in its Preliminary Response. *See* 37 C.F.R. § 42.71(d). In any event, Patent Owner's arguments are not persuasive because they focus narrowly on a portion of our Decision addressing the time of service of the complaints (*see* Req. Reh'g 1, 3–4 (quoting Dec. 8)), but disregard the portion of our Decision addressing later participation in the district court proceedings (*see* Dec. 8–9). Specifically, our Decision stated:

we are not persuaded, on this record, that [] Petitioner exercised control or could have exercised control over Sprint's AT&T's and T-Mobile's later participation in the respective district court

proceedings based on the existence of indemnitee-indemnitor relationships, the ‘acceptance of the defense by [Petitioner],’ and retention of counsel from Dentons by Petitioner, Sprint, AT&T, and T-Mobile.

Dec. 8–9.

B. Privity in the Absence of Control

Patent Owner argues that we misapprehended or overlooked legal authority for finding preclusion based on privity in the absence of control, and instead focused only on evidence of control. Req. Reh’g. 13–14 (citing *Cal. Physicians’ Serv. v. Aoki Diabetes Research Inst.*, 163 Cal. App. 4th 1506, 1523–25 (Cal. App. 2008); *Asahi Glass Co., Ltd. v. Toledo Eng’g Co.*, 505 F. Supp. 2d 423, 434–36 (N.D. Ohio 2007); Dec. 8); *see* Req. Reh’g 2. Patent Owner further argues that the relevant inquiry is whether the relationship between Petitioner and each of Sprint, AT&T, and T-Mobile is sufficiently close to establish a privity relationship that bars institution of *inter partes* review at this stage. *Id.* at 14; *see id.* at 13 (citing Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,759 (Aug. 14, 2012) (“Trial Practice Guide”)).

In its Preliminary Response, Patent Owner argued that privity exists between Petitioner and Sprint, AT&T, and T-Mobile and cited *Asahi Glass* as persuasive authority for finding privity based on three requirements—an indemnification agreement, retention of shared counsel, and a joint defense agreement. *See* Prelim. Resp. 16–20. Patent Owner’s arguments in the Request for Rehearing disregard our discussion in the Decision addressing the insufficiency of Patent Owner’s contentions and supporting evidence regarding at least one of the three *Asahi Glass* requirements, specifically, the joint defense agreement. *See* Dec. 8 (finding Petitioner’s objections to

document requests based on joint defense privilege and common interest privilege and Petitioner's failure to deny the existence of joint defense agreements was not tantamount to an admission of the existence of joint defense agreements and/or common interest agreements).

Patent Owner also does not identify, specifically, where arguments regarding finding preclusion based on privity in the absence of control, relying on *Cal. Physicians*, were raised previously in its Preliminary Response. *See* 37 C.F.R. § 42.71(d). We cannot overlook or misapprehend arguments not raised previously.

We are not persuaded that we misapprehended or overlooked legal authority for finding preclusion based on privity in the absence of control, or that we improperly focused only on evidence of control. The Trial Practice Guide offers the following guidance on determining whether a non-named party in a given proceeding constitutes a “privity” to that proceeding: (1) it is a “highly fact-dependent question” to be assessed on a “case-by-case basis” taking into consideration how courts have viewed the term “privity;” (2) it is to be evaluated “in a manner consistent with the flexible and equitable considerations established under federal case law,” including an analysis that “seeks to determine whether the relationship between the purported ‘privity’ and the relevant other party is sufficiently close such that both should be bound by the trial outcome and related estoppels.” Trial Practice Guide at 48,759 (citing *Taylor v. Sturgell*, 553 U.S. 880, 893–895, 893 n.6 (2008); 18A Charles Alan Wright, Arthur R. Miller & Edward H. Cooper, Federal Practice & Procedure §§ 4449, 4451 (2d ed. 2011) (“Wright & Miller”). The Trial Practice Guide further explains that multiple factors are relevant to the question of whether a non-party may be recognized as a “privity,”

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