UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

HTC CORPORATION and HTC AMERICA, INC.
Petitioners

v.

E-WATCH, INC. and E-WATCH CORPORATION
Patent Owner

CASE: IPR2014-00987
Patent No. 7,365,871 B2

PETITIONER'S REQUEST FOR REHEARING UNDER 37 C.F.R. § 42.71(d)

December 23, 2014

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TABLE OF CONTENTS

I. INTRODUCTION 1
II. LEGAL STANDARDS 3
III. ARGUMENT 3
A. 35 U.S.C. § 314(a) does not provide statutory authority for the Board's decision 3
B. The application of 37 C.F.R. § 42.108(a) in this proceeding was an abuse of discretion 8
C. The estoppel effects of an inter partes review petition mandate full consideration of Ground 2 9
D. 35 U.S.C. § 315(d) suggests that multiple grounds of rejection should be substantively evaluated 11
E. Ground 2 is not redundant or duplicative 13
F. It would be premature for the Board to deny Ground 2 without the trial 15
IV. CONCLUSION 16

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I. INTRODUCTION

Petitioners HTC Corporation and HTC America, Inc. (collectively "Petitioners") request rehearing, under 37 C.F.R. § 42.71(d)(1), of the Board's December 9, 2014 Decision (Paper 6) ("Institution Decision") authorizing *inter partes* review with respect to claims 1–8 and 12–15 of U.S. Patent No. 7,365,871 on the ground that claims 1–8 and 12–15 are unpatentable under 35 U.S.C. § 103(a) as obvious over Wilska and Yamagishi-114 (Ground 1), but denying *inter partes* review with respect to the Ground 2 presented in the petition that argued claims 1-8 and 12-15 are obvious by McNelley and Yamagishi-992 under 35 U.S.C. § 103(a). Grounds 1 and 2 were the only two grounds presented in the IPR Petition.

In the Institution Decision, the Board provided the following explanation for its decision to decline to institute a trial on the above grounds, stating in part: "We have discretion to institute *inter partes* review as to some asserted grounds and not others. 37 C.F.R. § 42.108(a); see also 35 U.S.C. § 314(a) (authorizing institution of *inter partes* review under particular circumstances, *but not requiring institution under any circumstances*). … [F]or reasons of administrative necessity, and to ensure timely completion of the instituted proceeding, we exercise our discretion and do not institute a review based on obviousness over McNelley and

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Yamagishi-992." (Paper 6, Dec. 9, 2014 Institution Decision at 11 (emphasis added).)

The Board cited 35 U.S.C. §314(a) and 37 C.F.R. § 42.108(a) in support of this conclusion. *Id.*

Petitioners respectfully request that the Board reconsider its decision with respect to the non-instituted Ground 2 and initiate *inter partes* review for both Grounds 1 and 2.

Petitioners also submit this rehearing request in order to clearly restate their position on the Board's application of 35 U.S.C. §314(a) and 37 C.F.R. § 42.108(a) to deny institution of trial on Ground 2, without substantive analysis of the proposed facts in Ground 2, apparently because trial has been instituted on Ground 1. Petitioners respectfully submit that Ground 2 is entitled to substantive analysis by the Board and that denying institution of Ground 2 without substantive analysis is improper.

Notably, the law on the denied grounds in an instituted trial is still developing and evolving as evidenced by the pending appeals in the *Cuozzo* and *SAP* matters before the Federal Circuit. Petitioner makes this filing to document and preserve Petitioners' position with respect to the denied Ground 2 and the application of 35 U.S.C. § 314(a) and 37 C.F.R. § 42.108(a) in this proceeding, for

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potential appeal to the Federal Circuit after a final written decision is rendered in this trial.

II. LEGAL STANDARDS

When rehearing a decision on a petition to institute an *inter partes* review, the Board "will review the decision for an abuse of discretion." 37 C.F.R. § 42.71(c). The party requesting rehearing has the burden of showing the decision should be modified, and "[t]he request must specifically identify all matters the party believes the Board misapprehended or overlooked, and the place where each matter was previously addressed in a motion, an opposition, or a reply." 37 C.F.R. § 42.71(d).

"An abuse of discretion occurs where the decision is based on an erroneous interpretation of the law, on factual findings that are not supported by substantial evidence, or represents an unreasonable judgment in weighing relevant factors." *Lacavera v. Dudas*, 441 F.3d 1380, 1383 (Fed. Cir. 2006).

III. ARGUMENT

A. 35 U.S.C. § 314(a) does not provide statutory authority for the Board's decision

The decision not to institute trial on Ground 2 is not supported by 35 U.S.C. § 314(a), the statutory authority cited in the Institution Decision. The Board's reliance on this statute in support of its decision not to substantively consider and

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