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Paper 8
Entered: July 14, 2016

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,
Petitioner,

v.

PERSONALIZED MEDIA COMMUNICATIONS, LLC,
Patent Owner.

Case IPR2016-00755
Patent U.S. 8,191,091

Before KARL D. EASTHOM, TRENTON A. WARD, and GEORGIANNA W. BRADEN, *Administrative Patent Judges*.

EASTHOM, *Administrative Patent Judge*.

ORDER
Granting Authorization to File a Reply and Sur-Reply
37 C.F.R. §§ 42.5(a), 108(c)

On July 13, 2016, the panel and the parties' counsels discussed Petitioner's request (in an e-mail) to file a Preliminary Reply (i.e., prior to any decision to institute) to Patent Owner's Preliminary Response to address Patent Owner's assertions of priority to Nov. 3, 1981. Patent Owner asserts priority through a chain of applications, including a continuation-in-part ("CIP") application for the patent claims under challenge, U.S. Pat. No. 8,191,091 ("the challenged claims" of "the '091 patent"). *See* Paper 7 ("Prelim. Resp."), 7–16.[1] Patent Owner opposed Petitioner's request to file a Preliminary Reply during the conference call (and in the e-mail). Petitioner provided a court reporter for the conference call and will file a transcript of the call as an Exhibit.

The Petition (Paper 1, "Pet.") "assumes" that the earliest effective priority date for the '091 patent is September 11, 1987, based in part on the CIP status of the '091 patent and on priority assertions "at least" to 1987 that Patent Owner made in related District Court litigation. *See* Ex. 1019, 6; Pet. 1–2 (citing Ex. 1019, 6); *supra* note 1. The Petition also contends that the originally filed 1981 application (07/096,096) contained 22 columns, and that the 1987 CIP application that culminated eventually into the '091 patent "spanned over 300 columns." *Id*. at 1; *see supra* note 1.

The record shows and the parties agree that if the challenged claims of the '091 patent garner priority status back to the earlier Nov. 3, 1981 date,

[1] According to the face of the '091 patent, it claims priority to Sept. 11, 1987 through a chain of continuation applications, and from that date, claims priority through a CIP application and then through a continuation application to Nov. 3, 1981. In other words, the '091 patent on its face has effective continuation priority status to Sept. 11, 1987 and CIP priority status to Nov. 3, 1981.

then the '091 patent would antedate the asserted prior art with respect to all but one of the grounds (asserted against two of the challenged claims). *See* Pet. 2–3; Prelim. Resp. 33–34. Patent Owner contended during the conference call that Petitioner's request to file a Preliminary Reply to the Preliminary Response to address Patent Owner's priority assertions should be denied, because Petitioner had its chance to address priority in its Petition and should have contemplated that Patent Owner could have asserted priority to the 1981 date. According to Patent Owner's arguments during the conference call and similar statements in its Preliminary Response, any statements it advanced at the District Court about priority to the 1987 date were not binding, and in any case, the assertion of priority of "at least" to the 1987 date should have apprised Petitioner of the reasonable possibility of a priority claim to the earlier 1981 date. *See* Prelim. Resp. 8 & n. 2; Ex. 1019, 6.

In context, in the related District Court litigation, Patent Owner contended that two other related PMC patents, also filed as CIP patents with respect to the 1981 date, "are entitled to . . . the priority date" of November 3, 1981, but "that the asserted claims of U.S. Patent Nos. 7,752,649 and 8,191,091 are at least entitled to the priority date of United States Patent Application Serial No. 07/096,096, filed September 11, 1987, now U.S. Pat. No. 4,965,825, which was a continuation-in-part of U.S. Patent Application No. 06/829,531, filed February 14, 1986, now U.S. Patent No. 4,704,725, which was a continuation of U.S. Patent Application No. 06/317,510, filed November 3, 1981, now U.S. Pat. No. 4,694,490 [the '490 patent]." Ex. 1019, 6. All of the claims challenged in the instant IPR proceeding are asserted in the District Court litigation. *Compare* Ex. 1019, 2, *with* Pet. 3.

During the conference call, Patent Owner stated that it added the challenged claims by amendment in 2011 after cancelling or amending original claims. These newly filed claims were labeled as part of a "DECR 87 group" during prosecution. *See* Ex. 1035, 10–11. Petitioner argued that the designation "DECR 87 group" reasonably signifies 1987 priority status. Patent Owner did not refute Petitioner's characterization regarding what "DECR 87 group" signifies.

In any event, Patent Owner also contended during the call that its Preliminary Response expends considerable effort and resources to show that the'490 patent specification, filed in 1981, supports the challenged claims. To wit, Patent Owner provides an "element-by-element analysis" to show support for the challenged claims in the '490 patent specification. *See* Prelim. Resp. 9 (citing Ex. 2001 ¶ 44; Ex. 1009).

As Patent Owner also argued during the conference call, Petitioner bears the ultimate burden of showing unpatentability. Nevertheless, under the circumstances outlined above, which include priority through a CIP application, prior assertions of priority to the later 1987 CIP application date, a large expansion of material in the later-filed 1987 CIP application (300 columns) relative to the original 1981 application (22 columns), and then, after the Petition, Patent Owner's new assertions of priority pre-dating the 1987 CIP filing date, Patent Owner bears the burden of going forward to show that the earlier-filed 1981 application supports the challenged claims of its later-filed "DECR 87" claims. During the conference call, Petitioner also asserted that the prosecution history shows that Patent Owner should be estopped from asserting a 1981 priority date based on alleged statements disavowing priority to the 1981 date.

A fair reading of the litigation and prosecution history documents currently of record (*see* Ex. 1019, 1035), considering the relevant CIP status at issue, and taking into account the positions taken during the conference call, all indicate that at least for purposes of the Petition, Petitioner reasonably could have relied on Patent Owner's various statements asserting priority to the 1987 date instead of the 1981 date. Assuming for the sake of argument that Patent Owner met its burden of going forward in its Preliminary Response to show priority to the 1981 date such that its effective CIP application antedates some of the prior art references asserted against the challenged claims, good cause exists (i.e., due process, fairness, and efficiency considerations) to afford Petitioner an opportunity to respond to the Preliminary Response in a Preliminary Reply. *See* 37 C.F.R. § 42.108 (c) ("A petitioner may seek leave to file a reply to the preliminary response" that may be granted upon a "showing of good cause."). Good cause also exists to afford Patent Owner an opportunity to respond to Petitioner's Preliminary Reply in a Preliminary Sur-Reply.

In an effort to expedite the proceeding and allow the parties a fair opportunity to inform the panel regarding what may be a dispositive issue for challenges to most of the claims, we hereby grant Petitioner's request to submit a Preliminary Reply not to exceed seven (7) pages to address Patent Owner's assertions of priority to the 1981 date. In response, Patent Owner may submit a Preliminary Sur-Reply not to exceed seven (7) pages.

Accordingly, it is hereby ORDERED that

1) Petitioner may file a Preliminary Reply as outlined above due on or before July 20, 2016; and

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