

Filed on behalf of Petitioners

Paper No. \_\_\_\_

By: Elisabeth H. Hunt  
Richard F. Giunta  
Randy Pritzker  
WOLF, GREENFIELD & SACKS, P.C.  
600 Atlantic Ave  
Boston, MA 02210  
Tel: (617) 646-8000  
Fax: (617) 646-8646  
EHunt-PTAB@wolfgreenfield.com

**UNITED STATES PATENT AND TRADEMARK OFFICE**

---

**BEFORE THE PATENT TRIAL AND APPEAL BOARD**

---

RPX CORPORATION,  
*Petitioner*

v.

DIGITAL AUDIO ENCODING SYSTEMS, LLC,  
*Patent Owner*

---

**Case IPR2017-00209**  
**Patent No. 7,490,037**

---

**PETITIONER'S BRIEF IN SUPPORT OF ADVERSE JUDGMENT  
AGAINST PATENT OWNER**

**CONTENTS**

I. DAE EXPRESSLY REQUESTED ADVERSE JUDGMENT .....1

II. THE DEFINITION IN RULE 42.2 APPLIES TO RULE 42.73 .....1

III. STATUTORY AUTHORITY .....4

The Board authorized this briefing to address “whether we have the power to enter adverse judgment in these proceedings, where no instituted review of the patent exists.” Paper 7 at 3. The Board asked that this Brief “elaborate as to why the definition set forth in §42.2 applies in §42.73” and “identify the statutory source of our power to enter adverse judgement when no review is instituted.” *Id.*

## **I. DAE EXPRESSLY REQUESTED ADVERSE JUDGMENT**

Rule 42.73(b) states that “[a] party may request judgment against itself *at any time during a proceeding.*” 37 C.F.R. § 42.73(b). Prior Board decisions have addressed whether to enter adverse judgment under Rule 42.73(b)(2) when the patent owner *merely disclaims* all challenged claims pre-institution, and different panels have ruled differently. See *Smith & Nephew v. Athrex*, IPR2016-00917, Paper 12 and the cases cited therein. The Board had discretion in those cases, because the Patent Owners did not expressly request entry of adverse judgment, but took other action (e.g., cancellation of all challenged claims) that Rule 42.73(b) provides “may” be construed as requesting adverse judgment.

The facts here are more straightforward. DAE expressly requested entry of adverse judgment, and that request can be acted upon irrespective of whether DAE disclaims all claims. The discretion addressed by other panels does not apply.

## **II. THE DEFINITION IN RULE 42.2 APPLIES TO RULE 42.73**

37 C.F.R. § 42.2 states that it provides “Definitions” that “apply to this part”

42 of C.F.R. Title 37. Rule 42.2 includes definitions for numerous terms in Rule 42.73: “*Proceeding* means a trial or preliminary proceeding”; “*Preliminary Proceeding* begins with the filing of a petition for instituting a trial and ends with a written decision as to whether a trial will be instituted;” “*Trial*” is “a contested case instituted by the Board based upon a petition. A trial begins with a written decision notifying the petitioner and patent owner of the institution of the trial;” “*Judgment* means a final written decision by the Board, or a termination of a proceeding.” *Smith & Nephew*, IPR2016-00917, Paper 12 at 3.

Given that “proceeding” and other terms in Rule 42.73 are *expressly defined* in Rule 42.2, and that Rule 42.2 states that its definitions apply to all sections of “this part [42],” the definition of “proceeding” in Rule 42.2 applies to Rule 42.73.

The Federal Circuit’s decision in *Intellectual Ventures v. JP Morgan Chase*, 781 F. 3d 1375 (Fed. Cir. 2015) (“*IV*”) is not to the contrary. There, the court interpreted “proceeding” as used in the *statute* (not the *Rules*), for the purpose of deciding whether the court had Article III jurisdiction to hear an interlocutory appeal on a stay of litigation prior to institution of a CBM review. *Id.* at 1376 (citing AIA § 18(a)). The court only considered the Rules among a number of “non-statutory arguments” were found not to affect the meaning of “proceeding” in the *statute*. *Id.* at 1378. The court’s holding did not turn on the meaning of “proceeding” as defined in Part 42 of 37 C.F.R., and any statement in *IV* about the

meaning of “proceeding” in the *Rules* (rather than the *statute*) is not binding on the Board. What is binding on the Board are the PTO’s Rules, which *expressly define* “proceeding” (Rule 42.2) within Part 42 as including a preliminary proceeding like this one, and authorize adverse judgment at any time during a “proceeding” so defined (Rule 42.73). *Torrington Co. v. United States*, 82 F.3d 1039, 1049 (Fed. Cir. 1996) (“agencies are required to follow their own regulations.”).

*IV* proposed that “the PTO’s own regulations are inconsistent on [the meaning of ‘proceeding’].” A closer look reveals no inconsistency in 37 C.F.R. 42. The court cited the TPG (quoting “[T]he *Director may institute a proceeding* where a petitioner meets the threshold standards,” 77 Fed. Reg. 48756 at 48765) and 37 C.F.R. § 42.101(b) (quoting “The *petition requesting the proceeding...*”) as potentially inconsistent with Rule 42.2’s definition of “proceeding.” The quoted statement in the TPG references “Statutory Threshold Standards,” thus dealing with the use of “proceeding” in the *statute*, and not in 37 C.F.R. 42. Similarly Rule 42.101(b)’s reference to a “petition requesting the proceeding” is not inconsistent with Rule 42.2’s definition that a “Preliminary Proceeding begins with the filing of a petition,” as the petition requests both the trial and the preliminary proceeding that are both part of the “proceeding” under Rule 42.2.

This panel is empowered to follow the PTO’s Rules and apply the express definitions in Rule 42.2 to Rule 42.73. Nothing in *IV* compels a different result or

# Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

## Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

## Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

## Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

## API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

## LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

## FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

## E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.