

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

THE JEWELRY CHANNEL, INC. USA d/b/a Liquidation Channel,
Petitioner,

v.

AMERICA'S COLLECTIBLES NETWORK, INC.,
Patent Owner.

Case CBM2014-00119
Patent 8,370,211 B2

Before LINDA M. GAUDETTE, BRIAN J. McNAMARA, and
DAVID C. McKONE, *Administrative Patent Judges*.

McNAMARA, *Administrative Patent Judge*.

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

On October 20, 2014, we entered a decision to institute a trial in this covered business method patent review of U.S. Patent No. 8,370,211 B2 (“the ’211 Patent”), notwithstanding an underlying dispute concerning the ownership of the ’211 Patent. Paper 10 (“Dec. to Inst.”). In reaching our Decision to Institute, we observed that American Collectibles Network, Inc. (“Patent Owner ACN”) is the patent owner of record in a *nunc pro tunc* assignment dated June 27, 2012, Ex. 2001, and recorded in the Office at Reel/Frame No. 030588/0867 on June 11, 2013. We also observed that the petition before us was brought against the ’211 Patent claims by The Jewelry Channel, Inc. USA d/b/a Liquidation Channel (“Petitioner”), who was sued for patent infringement by the recorded patent owner, ACN, in *America’s Collectibles Network, Inc. v. The Jewelry Channel, Inc. USA d/b/a Liquidation Channel*, No. 3:13cv334 (E.D. Tenn.) (“TJC litigation”). Dec. to Inst. 4.

The underlying ownership dispute emerged when Patent Owner ACN sued Genuine Gemstone Co. Ltd. (“Gemstone”) in *America’s Collectibles Network, Inc. v. The Genuine Gemstone Co. Ltd.*, No. 3:13cv335 (E.D. Tenn.) (“GG litigation”). Gemstone, who is not a party to this proceeding, moved for summary judgment in the GG litigation on the basis that Gemstone, not Patent Owner ACN, is the actual owner of the ’211 Patent. At the time we entered our Decision to Institute, Patent Owner ACN had opposed efforts by Petitioner and Gemstone to stay the district court proceedings concerning infringement and validity pending the court’s resolution of the ownership of the ’211 Patent. Dec. to Inst. 3–4.

Patent Owner ACN requests rehearing of our Decision to Institute. Paper 12 (“Req. Reh’g.”). Patent Owner ACN’s Request for Rehearing argues the circumstances that led to our Decision to Institute no longer exist because the GG litigation is stayed pending resolution of the ownership dispute by the district

court. Req. Reh' 3–4. During a telephone conference on Nov. 20, 2014, we authorized Petitioner to file an opposition to the Request for Rehearing. We also discussed the fact that the district court had stayed the TJC litigation while this covered business method patent review was pending, but had not stayed the TJC case until resolution of the ownership of the '211 patent. Thus, a reversal of our decision to institute could result in the resumption of proceedings by Patent Owner ACN against Petitioner in the district court.

On November 24, 2014, Patent Owner ACN filed a First Supplement Notice, Paper 13, advising us that it had moved to enlarge the stay in the TJC litigation to include resolution of the ownership question. On December 1, 2014, Patent Owner filed a Second Supplemental Notice stating that the district court had granted the motion to enlarge the stay in the TJC litigation. As a result, termination of this covered business method patent review would not cause resumption of the TJC litigation unless the district court determined that ACN is the actual owner of the '211 Patent.

Also on November 24, 2014, Petitioner filed its Opposition to the Request for Rehearing. Paper 14 (“Opp. to Req. Reh’g.”). Petitioner argues it would be prejudiced by terminating the present covered business method review because resolution of the ownership dispute and related appeals could take years, during which time the lawsuit would continue to hang over Petitioner. Opp. to Req. Reh’g. 4. Petitioner argues further prejudice would occur because it would be required to pay another filing fee to institute another covered business method patent review after the ownership of the '211 Patent is resolved, and because the patent owner in that proceeding would be afforded an opportunity to file another preliminary response. *Id.* Petitioner also argues that Gemstone’s interests are protected by an agreement under which Petitioner will move to terminate this

proceeding in return for a license or covenant not to sue, should the district court determine that Gemstone is the actual owner. *Id.* at 2–3, Ex. 1006. The agreement between Petitioner and Gemstone does not bind the Board, however, who may proceed to a final written decision, even if no Petitioner remains. *See* 35 U.S.C. § 327(a); *see also Interthinx, Inc. v. Corelogic Solutions, LLC*, Case CBM2012-00007 (PTAB Nov. 12, 2013) (Papers 47, 58) (terminating involvement of sole petitioner, but not terminating covered business method review and proceeding to final written decision). The agreement between Petitioner and Gemstone also does not specify what happens if we enter a final written decision before the ownership dispute ultimately is resolved.

A party seeking rehearing has the burden of specifically identifying all matters the party believes the Board misapprehended or overlooked and the place where each matter was previously addressed in a motion, opposition or reply. 37 C.F.R. 42.71(d). Patent Owner has not identified any matter which the Board overlooked or misapprehended. Instead, Patent Owner contends that its belated consent to resolving the underlying ownership dispute in the district court before addressing substantive infringement and validity issues creates changed circumstances under which we should reverse our Decision to Institute. Req. Reh'g. 2–3. Neither Patent Owner ACN's consent in the district court, nor the agreement reached between Petitioner and Gemstone, changes the circumstances of this covered business method patent review.

The ownership dispute is outside our jurisdiction and eventually will be resolved in the district and appellate courts. However, the dispute over ownership of the '211 Patent is a collateral matter that does not affect our jurisdiction over this proceeding. Our jurisdiction stems from the fact that Patent Owner ACN is the record owner of the '211 Patent and has sued Petitioner for infringement. AIA §

18 (a)(1)(B). Having been sued for infringement by the record owner of the '211 Patent, Petitioner has the right to challenge the patentability of the claims. *Id.* Petitioner's challenges to the patentability of the claims could not be answered by any party other than the record owner of the '211 Patent.

If ACN is determined to be the actual owner, the proceeding will continue in due course. We recognize that circumstances may result in Gemstone having an interest in the outcome of this proceeding. However, at this time, Gemstone's interest is speculative. Our rules do not provide for Gemstone's intervention in this proceeding, nor has Gemstone sought to intervene. However, our rules provide that the Board may determine a proper course of conduct in a proceeding for any situation not specifically covered by the rules and may enter any non-final orders to administer the proceeding. *See* 37 C.F.R. § 42.5(a). Thus, if Gemstone is determined to be the actual owner of the '211 Patent while this proceeding is still underway, we may consider a motion by Gemstone to substitute as Patent Owner. If a final written decision has been entered in this proceeding and the time for appeal has expired before a final determination that Gemstone is the actual owner, our jurisdiction will have ended and Gemstone may need to pursue other alternatives.

Our goal is to apply our rules to secure the just, speedy and inexpensive resolution of every proceeding. *See* 37 C.F.R. §42.1(b). Petitioner has been accused of infringement by the record patent owner, ACN, and has met all the requirements for us to institute a covered business method patent review of the '211 Patent. In the district court Patent Owner ACN asserts that it is both the record owner and the actual owner of the '211 Patent. We are not persuaded by Patent Owner ACN's effort to terminate this proceeding based on its convenient speculation that Gemstone, and not Patent Owner ACN, could be the actual owner

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of the '211 Patent. The prejudice to Petitioner of not proceeding at this time outweighs the speculative interests of Gemstone.

In consideration of the above, Patent Owner ACN's request for rehearing is DENIED.

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