

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

FANDANGO, LLC, OPENTABLE, INC.,
APPLE INC., DOMINO'S PIZZA, INC.,
AND DOMINO'S PIZZA, LLC
Petitioner,

v.

AMERANTH, INC.
Patent Owner.

Case CBM2014-00013
Patent 6,982,733

Before JAMESON LEE, MEREDITH C. PETRAVICK, RICHARD E. RICE, and
STACEY G. WHITE, *Administrative Patent Judges*.

LEE, *Administrative Patent Judge*.

DECISION
On Motion to Reconstitute Petitioner
37 C.F.R. § 42.5

Introduction

Petitioner filed a motion, on March 12, 2014, to reconstitute itself by excluding one of its five constituent members, Apple Inc. (“Apple”), from this proceeding. Paper 19. Specifically, Petitioner requests (1) elimination of Apple from this proceeding “without imposition of any estoppel against Apple,” and (2) authorization for Apple, by itself, to file a separate petition, identical to the one filed in this proceeding, against the Patent Owner, on the same patent, and a request to join that new proceeding with this proceeding. *Id.* at 1. The Patent Owner filed an opposition (Paper 20); and Petitioner filed a reply (Paper 21).

The motion is *dismissed-in-part* and otherwise *denied*.

Background

On October 15, 2014, five companies including Apple filed a single petition for covered business method patent review of claims 1-16 of U.S. Patent No. 6,982,733 (“the ’733 patent”), collectively naming themselves “Petitioners.” Paper 1. In the petition, the five companies were split into three groups, with each group appointing its own lead and backup counsel. In the Board’s electronic Patent Review Processing System (“PRPS”), however, which provides space for only a single entry as lead attorney for a party, Mr. Richard S. Zembek was designated as lead attorney for “Petitioner.”

On January 13, 2014, the Patent Owner filed a preliminary response. Paper 13. To clarify the situation with regard to three pairs of lead and backup counsel, the Board initiated a conference call, on February 7, 2014, to inquire and discuss what Petitioner had in mind with regard to the conduct of this proceeding.

In that conference call, Mr. Zembek explained that the five constituent members of Petitioner would submit a common paper in each instance a paper from Petitioner will be filed, in which the five members would speak with one voice, so long as all of them agreed to do so, but that any member may decide to go its own way and argue or present something different. Paper 14. In case of the latter, according to Mr. Zembek, the page length of any submission of the Petitioner will be shared to allow the separate views of Petitioner's constituent members to be expressed. *Id.* With regard to conference calls, Mr. Zembek indicated that anytime one of the constituent members disagrees with the position being expressed on behalf of all constituent members, it may, immediately during the conference call, voice a different position. *Id.*

The Board determined that the process envisioned and desired by Petitioner was unacceptable. Specifically, in an Order summarizing the conference call of February 7, 2014 (Paper 14), the Board stated:

The manner of conducting this proceeding, as proposed by Mr. Zembek, is not in accordance with the rules governing trial practice and procedure before the Board. The thirty-five companies collectively filed a single petition, and thus, are recognized as a single party, as Petitioner, before the Board. According to 37 C.F.R. § 42.2, "Petitioner" means "the party filing a petition requesting that a trial be instituted." In circumstances not involving a motion for joinder or consolidation of separate proceedings, for each "petition" there is but a single party filing the petition, no matter how many companies are listed as petitioner or petitioners and how many entities are identified as real parties-in-interest. Even though the separate companies regard and identify themselves as "Petitioners," before the Board they constitute and stand in the shoes of a single "Petitioner."

Because the thirty-five companies constitute, collectively, a single party, they must speak with a single voice, both in writing and oral representation. Mr. Zembek's proposal transforms the "Petitioner" under 37 C.F.R. § 42.2 from a single party into thirty-five different parties. That is not only contrary to 37 C.F.R. § 42.2, which defines "Petitioner" as a single party by referring to "the party filing a petition," but also prejudicial to Patent Owner, who potentially would have to respond to thirty-five different, possibly inconsistent, positions on every issue. Nor would the Board's interests in the speedy and efficient resolution of post-grant proceedings be served by permitting the presentation of inconsistent positions based on the filing of a single petition.

On February 11, 2014, the Board ordered Petitioner to file, by February 18, 2014, a paper to re-designate lead and backup counsel in accordance with 37 C.F.R. § 42.10(a) by regarding itself as a single party, and to provide updated service information in light of the re-designation of lead and backup counsel. Paper 14. On February 18, 2014, Petitioner filed a paper re-designating lead and backup counsel, but the re-designation did not include Apple. Paper 15.

Instead, the paper stated: "For the purposes of this Notice and future actions in this case, Petitioner consists of the following companies listed in the Amended Petition (Paper No. 10): Domino's Pizza, Inc.; Domino's Pizza, LLC; Fandango, LLC (formerly known as Fandango, Inc.); and OpenTable, Inc." Paper 15, 1 n.1. Thus, Petitioner did not comply with the Order of February 11, 2014. Instead, it attempted to reconstitute itself, with a different set of constituent members, without authorization. Also, Petitioner did not alert the Board that its list of companies included only four of the five original names. The non-compliance with the Board's Order was not self-evident.

The Board did, however, notice Petitioner's non-compliance, and initiated another conference call with the parties, on March 7, 2014, to discuss Petitioner's unauthorized reconstitution of its constituent memberships and non-compliance with the Board's Order of February 11, 2014. During the conference call, the Board explained the impropriety of Petitioner's actions in responding to the Board's Order of February 11, 2014, as follows:

Had the Board not noticed the non-compliance, this proceeding would have continued indefinitely without a clear picture of the constitution of Petitioner or a clear designation of lead and backup counsel. More importantly, Petitioner chose to file a paper purporting to re-designate counsel for less than all of the companies that jointly filed the petition and that the Board ruled collectively constitute Petitioner, without seeking an opportunity to explain its difficulties to the Board and to ask for an alternative resolution. Such conduct is inappropriate. We give notice to Petitioner that such action should not be repeated. It should have contacted the Board, prior to filing a noncompliant paper, to discuss an alternative resolution.

Paper 18, 2-3.

In an order dated March 10, 2014, the Board stated that notwithstanding Petitioner's contrary indication in Paper 15, Apple Inc. remains a member of the group of five companies that are collectively regarded as Petitioner, and that that will remain so unless and until the Board authorizes withdrawal of Apple Inc. from the proceeding or terminates the proceeding with respect to Apple Inc. Paper 18, 3.

During the conference call on March 7, 2014, counsel for Petitioner explained that Petitioner would like to seek authorization for Apple Inc. to withdraw from this proceeding. The Board stated that the parties can move jointly

to terminate the proceeding with respect to Apple Inc. *See* 37 C.F.R. § 42.74. However, counsel for Patent Owner stated that Patent Owner and Petitioner have not reached an agreement that would lead to the filing of a joint motion to terminate the proceeding with respect to Apple Inc., and that Patent Owner opposes the withdrawal of Apple Inc. from the proceeding.

The Board authorized briefing by the parties as to why Petitioner should be allowed to reconstitute itself to exclude Apple Inc., and required petitioner's brief to be filed as a Motion to Reconstitute Petitioner to Exclude Apple Inc., subject to 37 C.F.R. § 42.20. Paper 18, 3-4. Patent Owner was given the opportunity to file an opposition, and Petitioner was authorized to file a reply. *Id.*

Discussion

Under 37 C.F.R. § 42.20(c), a moving party bears the burden of proof that it is entitled to the relief requested. The Petitioner bears that burden for this motion.

A.

First, we discuss two portions of the motion, that were not the subject of the conference call on the basis of which we authorized filing of the motion.

Petitioner requests (1) elimination of Apple from this proceeding “without imposition of any estoppel against Apple,” and (2) authorization for Apple to file a separate petition against Patent Owner, on the same patent, and also a request to join that new proceeding with this proceeding. Paper 19, 1.

Even if we permit Petitioner to reconstitute itself by excluding Apple, the effects of any estoppel applicable to Apple, based on its withdrawal from this proceeding, should be determined by the tribunal before which the issue of estoppel against Apple as a party, becomes relevant. When it is applicable,

estoppel is imposed automatically by operation of law. At the time of rendering a decision, the Board typically does not choose to impose or not to impose future estoppel effects on that decision. Petitioner would like us to declare, for all future proceedings and actions that may follow, whatever is the tribunal and the cause of action, that no estoppel effect shall fall on Apple, in the context of those future proceedings and actions, for having been a constituent member of Petitioner in this proceeding. We decline to do so, as we do not stand in the shoes of all those future tribunals, and we do not preside over those future proceedings and actions. The matter simply is inappropriate for general determination here, and now, for all future purposes. We also did not authorize Petitioner's motion in that regard.

The motion also seeks authorization for Apple to file a separate but identical petition against Patent Owner, on the same patent involved in this proceeding, and a request for joinder of that new proceeding with this proceeding. Petitioner does not explain, and it is not apparent, why authorization from the Board is required for Apple to file a separate petition against Patent Owner, whether or not it is excluded from this proceeding as a constituent member of Petitioner.

If it is Petitioner's intent to seek pre-approval of the request for joinder, the matter is premature, as we have no occasion to consider, at this time, the merits of such a joinder request. If a separate petition is filed by Apple, together with a request for joinder, then such matters will be taken up in due course, in the context of the new proceeding. We also did not authorize Petitioner's motion in connection with seeking permission to file another petition and a joinder request.

For the foregoing reasons, that part of Petitioner's motion, seeking to free Apple from any estoppel effect of a decision allowing reconstitution of Petitioner

to exclude Apple as a constituent member, is *dismissed*, and that part of the motion seeking authorization for Apple to file a separate but identical petition, and a request for joining that new proceeding with this proceeding, is also *dismissed*.

B.

In light of the partial dismissal discussed above, what remains in Petitioner's motion is the request for Petitioner to reconstitute itself by excluding Apple as a constituent member. If granted, Apple will no longer be a part of this proceeding.

Patent Owner correctly notes that Apple may remove itself from this proceeding, by requesting entry of adverse judgment as to Apple, or by settling with Patent Owner and filing a joint motion to terminate the proceeding with respect to Apple. It appears, however, that neither option suits Apple. The motion explains that Apple would like to have its own representation against Patent Owner and to not have to speak with the same voice as the other four constituent members of Petitioner. Paper 19, 4-5. Apple intends to file another petition, on its own, and to seek joinder of that new proceeding with the instant proceeding, against the Patent Owner. *Id.*

The motion contends that had Apple known that all constituent members of Petitioner would have to speak with one voice, it would have proceeded in a different manner. Paper 19, 6. The motion further contends that Apple's misunderstanding was in good faith and reasonable. Paper 19, 3, 7. We do not doubt that the misunderstanding was in good faith. But we disagree with the assertion that it was reasonable to have expected and believed that each of the five constituent members of Petitioner is entitled to take different positions against the

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Patent Owner in this one proceeding involving a single petition, including even inconsistent positions.

This is not a situation in which multiple parties have filed separate petitions, and the resulting proceedings have been joined, under certain conditions to ensure a separate voice for each petitioner who has filed its own petition. Instead, Apple chose to be joined with four partners in the filing of a single petition against Patent Owner with respect to U.S. Patent No. 6,982,733. According to 37 C.F.R. § 42.2, “Petitioner” means “the party filing a petition requesting that a trial be instituted.” Because only a single petition was filed, there is only one party on the side of “Petitioner,” regardless of how many companies joined in the filing of that petition. The single petition may not be transformed into multiple petitions by incorporating disparate positions of the different companies, and the one party may not be transformed into multiple parties by allowing the different companies to speak with separate voices.

Petitioner identifies *Denso Corporation and Clarion Co. Ltd.*, IPR2013-00026 (PTAB), as an example of multiple petitioners designating separate lead and backup counsel in an *inter partes* review, and notes that the proceeding reached an advanced stage without need to designate a common lead attorney. The reference to *Denso Corporation and Clarion Co. Ltd.* has very limited relevance here, because Petitioner does not represent that Denso Corporation and Clarion Co. Ltd. attempted to assert different positions or that the Board permitted Denso Corporation and Clarion Co. Ltd. to share the page length of any paper and submit different substantive positions for consideration. Nor does Petitioner represent that in telephone conference calls, separate counsel spoke and represented Denso

Corporation and Clarion Co. Ltd., respectively. Rather, the fact is that, despite having different counsel, the two companies did not advance different positions at any time. The *Denso Corporation and Clarion Co. Ltd.* case simply does not support the position that it was reasonable for Apple to think that it was entitled to advance arguments different from those of other constituent members of Petitioner.

Petitioner further makes reference to 35 U.S.C. § 317(a) and § 327(a), which provides for termination of a proceeding with respect to less than all petitioners, upon the filing of a joint motion, with the Patent Owner, to terminate the proceeding as to petitioners who have settled with the Patent Owner. Those settlement provisions do not suggest that the petitioners in a jointly filed petition may take different positions against the Patent Owner, other than in a settlement situation as described above. Petitioner's reliance on the settlement provisions are misplaced. Apple is free to settle with the Patent Owner and file a joint request, under 35 U.S.C. § 317(a), to terminate the proceeding with respect to Apple on the basis of settlement. But those are not the facts before us.

For the foregoing reasons, we regard as unreasonable the expectation by Apple that each of the five constituent members of Petitioner is entitled to advance its own separate position, in this proceeding, other than in the context of a request for entry of adverse judgment or settlement.

Furthermore, in the motion, Petitioner indicates clearly that it expects the position of Apple to be in alignment with the other four constituent members of Petitioner, "throughout the proceeding." Paper 19, 5. At this point, any potential difference of opinion that may arise is speculative. It is a problem that Petitioner does not expect to arise. Taking action based on such speculation appears

premature. It is also uncertain, at this point, what additional burdens and costs would be incurred by the Patent Owner, if Petitioner were allowed to reconstitute itself. But, if Apple made a mistake when choosing to position itself as a joint-filer of a single petition, it is fairer and more equitable for Apple to bear the consequences of its own mistake, than for the Patent Owner to bear additional burdens and costs by, effectively, allowing Apple to go back in time and un-do that mistake, after benefiting from the information in Patent Owner's preliminary response. Other than in the context of a request for entry of adverse judgment or settlement, it generally is not in furtherance of "the just, speedy, and inexpensive resolution of every proceeding" to allow a petitioner to withdraw from a proceeding after the filing of a preliminary response by the patent owner. *See* 37 C.F.R. § 42.1(b).

For the foregoing reasons, Petitioner has not shown that it is entitled to reconstitute itself by eliminating Apple as a constituent member.

Conclusion

Petitioner has not met its burden of proof in showing that it is entitled to the relief requested in the motion.

With respect to the request to eliminate Apple from this proceeding "without imposition of any estoppel against Apple," the motion is *dismissed*.

With respect to the request for authorizing Apple to file a separate petition against Patent Owner, on the same patent, and also a motion to join that new proceeding with this proceeding, the motion is *dismissed*.

With respect to the request to reconstitute Petitioner by excluding Apple as a constituent member, the motion is *denied*.

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Petitioner shall comply with the Order dated February 11, 2014, within five calendar days of the date of this decision.

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