

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MOBOTIX CORP.
Petitioner

v.

E-WATCH, INC.
Patent Owner

Case IPR2013-00335
Patent 7,228,429

Before MICHAEL W. KIM and MATTHEW R. CLEMENTS,
Administrative Patent Judges.

KIM, *Administrative Patent Judge.*

ORDER
Conduct of Proceeding
37 C.F.R. § 42.5

Introduction

On April 2, 2014, a telephone conference call was held. The participants were respective counsel for the parties Mobotix (“Petitioner”) and E-Watch (“Patent Owner), and Judges Kim and Clements.

Background

On November 29, 2013, the Board granted a petition for *inter parties review*, and instituted a trial, on claims 1-14, 22, 26-28, 32-35, 38, 44-49, 51, and 65 of U.S. Patent No. 7,228,429 (“the ’429 patent”). Paper 13. In an accompanying Scheduling Order, the Board set Due Date 1, the date for filing a patent owner response, as February 3, 2014. Paper 14, 5. In the explanation of Due Date 1, the Scheduling Order reads as follows: “The patent owner is cautioned that any arguments for patentability not raised in the response will be deemed waived.” Paper 14, 3. On December 18, 2013, counsel for Patent Owner failed to appear for the initial telephone conference. As the Board indicated: “Nonattendance of counsel for the Patent Owner, at the initial conference call, indicates that the Patent Owner has no issue with each of the due dates specified in the Scheduling Order dated November 29, 2013 (Paper 14).” Paper 19.

On February 3, 2014, Patent Owner filed a Patent Owner Response with a supporting Declaration from Mr. Michael Craner. Paper 21; Ex. 2001. On February 18, 2014, a telephone conference was held. During the call, counsel for Patent Owner indicated that Patent Owner was contemplating a motion for leave to file a supplemental patent owner response. Paper 27, 3. In response, the Board ordered the following:

FURTHER ORDERED that if E-Watch desires to file a supplemental patent owner response, it should institute a joint conference call, immediately, to seek authorization for filing a supplemental patent owner response, and be prepared to answer why it did not seek an

extension of time for Due Date 1 and also did not approach the Board about a supplemental patent owner response, for at least two weeks after filing of the patent owner response;

Paper 27, 4. On April 2, 2014, Petitioner filed a Reply to Patent Owner's Response. Paper 31.

Conference Call of April 2, 2014

On April 1, 2014, counsel for Patent Owner initiated the call to request authorization to file three motions: (1) Motion for Leave to File a First Revised Patent Owner's Response to Decision to Institute Trial for Inter Partes Review ("motion for leave"); (2) Motion for Amendment of Schedule; and (3) Motion to Stay Proceedings. On the call, the Board requested that all parties address their comments concerning these motions in light of the following statutes and rules:

requiring that the final determination in an inter partes review be issued not later than 1 year after the date on which the Director notices the institution of a review under this chapter, except that the Director may, for good cause shown, extend the 1-year period by not more than 6 months, and may adjust the time periods in this paragraph in the case of joinder under section 315 (c);

35 U.S.C. § 316(a)(11); emphasis added.

(c) Times. (1) Setting times. The Board may set times by order. Times set by rule are default and may be modified by order. Any modification of times will take any applicable statutory pendency goal into account.

(2) Extension of time. A request for an extension of time must be supported by a showing of good cause.

(3) Late action. A late action will be excused on a showing of good cause or upon a Board decision that consideration on the merits would be in the interests of justice.

37 C.F.R. § 42.5 (conduct of the proceeding); emphasis added.

(a) A motion may only be filed according to a schedule set by the Board.

...

(b) A party should seek relief promptly after the need for relief is identified. Delay in seeking relief may justify a denial of relief sought.

37 C.F.R. § 42.25 (default filing times); emphasis added. The discussion then proceeded to Patent Owner's request for authorization to file a motion for leave.

Counsel for Patent Owner asserted that the Board should authorize the filing of a motion for leave because e-Watch previously had insufficient funds to retain a technical expert to (1) assist counsel in understanding the prior art and (2) provide a declaration in support of their positions in this and six other trials pending before the Board. Counsel for Patent Owner indicated that Patent Owner is a small company, and that the funding problem was created by (1) an untimely resignation of litigation counsel and (2) the great expense of participating in seven trials before the Board with due dates close to each other.

Counsel for Petitioner indicated that it opposed the authorization of the filing of a motion for leave. Counsel indicated that Petitioner had already filed a Reply to Patent Owner's Response, that granting any motion for leave would require an extension of time, and that such a delay could potentially deny the Board sufficient time to render a final written decision within the time period set forth in the statute. Petitioner would be prejudiced if the proceeding did not result in a final written decision.

In response, counsel for Patent Owner indicated that it was desirable for the Board to make a fully informed decision, and that a technical expert was necessary for the Board to make such a fully informed decision because there were many technical issues involved.

When asked what changes would be necessary in the Scheduling Order if a motion for leave was granted, counsel for Patent Owner indicated that it would request a three-month extension of time. The Board informed counsel that a three-

month extension of time would provide the Board with less than two months from the oral hearing to prepare a final written decision.

In the alternative, counsel for Patent Owner requested entry of a First Amended Patent Owner Response. The Board indicated that the grant of Patent Owner's request would constitute a *de facto* two month extension of time, and inquired as to why Patent Owner had not previously indicated in this trial an intent to file a motion for leave. Counsel for Patent Owner indicated that it had previously communicated to the Board that it thought the Patent Owner Response was incomplete, that it was under extreme time and financial pressures, and that it did not know whether funds would be available.

Discussion

We deny Patent Owner's request for authorization to file a motion for leave. At a minimum, the relief requested puts the burden on Patent Owner to make a showing of good cause, and we are not persuaded that Patent Owner has made that showing.

In creating these trials under the America Invents Act, Congress codified explicitly in the statute a requirement that the trials be completed within one year upon institution, with certain narrow exceptions. As the tribunal tasked with administering these trials, we must comply with the statute. In order to comply with the statute, the Board promulgated rules. The rules are necessary to comply with the statute, and thus the rules must be followed. Of course, exceptional circumstances do present themselves, and should the facts warrant relief for good cause, the Board will be reasonable in granting such relief. We are not persuaded, however, that such circumstances exist here.

Concerning Patent Owner's financial constraints, Patent Owner had the opportunity, at numerous points in this proceeding, to request that the Board

considering granting relief based on those constraints. In general, raising such requests earlier in the proceeding would have allowed the Board to consider the matter earlier, and would also have made available more options for possible relief, if we determined relief was warranted. Yet, Patent Owner did not request such relief in this trial until April 1, 2014, which is almost two months after Due Date 1. The Board cannot consider granting relief until Patent Owner requests such relief, expressly. For example, Patent Owner did not express previously any concern that its financial constraints would prevent it from filing a complete Patent Owner Response by Due Date 1. The Scheduling Order states expressly the following: “The patent owner is cautioned that any arguments for patentability not raised in the response will be deemed waived.” Paper 14, 3. Indeed, the Patent Owner Response was filed, on time, and with a Declaration. We have reviewed the contents of the Patent Owner Response, as well as the Declaration, and are unable to ascertain any indication by Patent Owner that the substance in the Patent Owner Response was somehow incomplete due to financial constraints.

A conference call was held on February 18, 2014, two weeks after the filing of the Patent Owner Response. During that call, Patent Owner did not request any relief based on those financial constraints. As noted in our order of February 19, 2014, counsel for Patent Owner indicated that it was *contemplating* a motion for leave to file a supplemental patent owner response. However, contemplating a request is not a request, and the Board cannot act on contemplations. Moreover, in that same paper, the Board explicitly ordered Patent Owner to contact the Board *immediately* if Patent Owner desired to file a supplemental patent owner response. No such request was made, however, until April 1, 2014, almost *six weeks* after the issuance of that order. The delay between February 19, 2014 and April 1, 2014 does not even come close to being considered “immediate” and weighs heavily

against Patent Owner, especially given that Petitioner has already filed a Reply to Patent Owner's Response.

In conjunction with a motion for leave, Patent Owner indicated that it would also request a three month extension of time. Granting such a request, however, would result in compressing what was originally a one-year process into seven months for the sole benefit of Patent Owner and to the detriment of Petitioner, who at a minimum would have to file another reply. Such a request is unreasonable in view of the fact that the entirety of the delay would be attributable to Patent Owner. Our analysis changes slightly if we were to allow Patent Owner to file immediately a First Amended Patent Owner Response, but even that would still constitute an unjustified *de facto* two month extension of time.

Patent Owner had a full and fair opportunity to file a Patent Owner Response, and indeed filed such a Patent Owner Response, on time, with an expert Declaration. Patent Owner was further given the opportunity to request supplementing the Patent Owner Response, provided such a request was made "immediately." Patent Owner did not make such a request for almost six weeks. Patent Owner will additionally have the opportunity to elaborate on arguments already made, as outlined in the Scheduling Order. On these facts, we are not persuaded that Patent Owner has made a showing of good cause for the Board to grant authorization to file a motion for leave.

As we deny Patent Owner's request for authorization to file a motion for leave, the need for the other requested motions is moot.

Order

It is

ORDERED that Patent Owner's request for authorization to file the following motions is **DENIED**: (1) Motion for Leave to File a First Revised Patent

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Owner's Response to Decision to Institute Trial for Inter Partes Review; (2)
Motion for Amendment of Schedule; and (3) Motion to Stay Proceedings.

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