

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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DEALERSOCKET, INC.,  
Petitioner,

v.

AUTOALERT LLC,  
Patent Owner.

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Case CBM2014-00142 (Patent 7,827,099 B1)  
Case CBM2014-00147 (Patent 8,005,752 B1)<sup>1</sup>

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Before JAMES DONALD SMITH, *Chief Administrative Patent Judge*,  
SCOTT R. BOALICK, *Vice Chief Administrative Patent Judge*,  
JAMESON LEE, JONI Y. CHANG, and  
MICHAEL R. ZECHER, *Administrative Patent Judges*.

LEE, *Administrative Patent Judge*.

ORDER  
Late Filing and Dismissal of Petition  
*37 C.F.R. §§ 42.5(c)(3) and 42.12(b)(8)*

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<sup>1</sup> Parties are not authorized to use a combined caption to file the same paper in these two proceedings, absent specific and prior authorization by the Board.

#### A. Introduction

In each of CBM2014-00142 and CBM2014-00147, the Petition contained defects relating to substantive arguments. The Board accorded each Petition a filing date and gave Petitioner an opportunity to make appropriate correction within a specified time period. Petitioner was 74 days and 64 days late, respectively, in submitting a proposed correction, without contacting the Board or Patent Owner with regard to the defects, and leaving Patent Owner speculating as to the content of the Petition during most of Patent Owner's time for preparing a Preliminary Response. We hold that Petitioner failed to provide a showing of good cause for the late filings and that it would not be in the interest of justice to accept the proposed corrections for consideration. *See* 37 C.F.R. § 42.5(c)(3). A single decision is issued for both proceedings because they share substantially common facts and issues.

#### B. Facts

In three related proceedings, a Petition was filed in each, requesting a covered business method patent review. CBM2014-00142, Paper 1; CBM2014-00146, Paper 1; CBM2014-00147, Paper 1. In each proceeding, the Board issued a Notice of Filing Date Accorded to Petition and Time for Filing Patent Owner Preliminary Response, which identified a substantive defect in the Petition, i.e., inclusion of arguments in claim charts. CBM2014-00142, Paper 3; CBM2014-00146, Paper 3; CBM2014-00147, Paper 3. The Board specified a response time of "FIVE BUSINESS DAYS" for Petitioner to correct the identified defect, and stated: "Failure to correct

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the defect(s) may result in an order to show cause as to why the Board should institute the trial. No substantive changes (e.g., new grounds) may be made to the petition.” *Id.* The respective due dates were June 16, 2014, for CBM2014-00142; July 2, 2014, for CBM2014-00146; and June 30, 2014, for CBM2014-00147.

In CBM2014-00146, Petitioner timely filed a Corrected Petition on July 2, 2014, and then the Board issued a Notice of Accepting the Corrected Petition on July 8, 2014. CBM2014-00146, Papers 4, 6. In CBM2014-00142, however, Petitioner did not file a Corrected Petition until August 29, 2014, which was 74 days beyond the due date of June 16, 2014, and the revised filing makes no explanation as to the circumstances surrounding the delay. Also, on August 29, 2014, only 11 days remained until the due date in CBM2014-00142 for Patent Owner’s Preliminary Response. In CBM2014-00147, no revised filing was made by Petitioner as of 3:00 PM Eastern Standard Time (“EST”) on September 2, 2014, which was 64 days beyond the due date for such a correction and only 21 days prior to the due date in CBM2014-00147 for Patent Owner’s Preliminary Response.

In a conference call held at 3:00 PM EST on September 2, 2014 (“the conference call”), the Board ordered Petitioner to show cause (“Show Cause Order”) why, in light of Petitioner’s failure to comply with the Board’s orders, i.e., Paper 3 in CBM2014-00142 and CBM2014-00147, trial should be instituted in CBM2014-00142 and CBM2014-00147. The Board heard Petitioner’s response until all three counselors for Petitioner indicated that they had nothing more to say on the subject.

The pertinent information and arguments provided by counsel for Petitioner, in responding to the Show Cause Order, are reproduced below:

*CBM2014-00142*

1. Petitioner's missing the five business days deadline was a mere oversight;
2. Patent Owner suffered no prejudice because the Corrected Petition filed on August 29, 2014, 74 days after the due date, only reduced issues presented in the initial Petition, and if any portion of the corrected filing is deemed to raise new issues as compared to the initial Petition, those portions may be disregarded;
3. Rather than deciding not to institute trial for the late filing, the Board simply can reset the filing date of the Petition to August 29, 2014, the date of filing of the Corrected Petition;
4. Had the Board issued the Show Cause Order earlier, Petitioner would not have been as late as it was, i.e., 74 days beyond the due date, and only 11 days prior to the due date of Patent Owner's Preliminary Response—namely, September 9, 2014; and
5. In June 2014, or at the latest by early July 2014, counsel for Petitioner first became aware of having missed the five business days deadline to correct the initial Petition, and then counsel for Petitioner contacted Patent Owner's counsel to

discuss various substantive matters, but not about having missed the deadline for correction.

*CBM2014-00147*

1. Petitioner's missing the five business days deadline was a mere oversight;
2. Counsel for Petitioner believed, albeit incorrectly, that a Corrected Petition already had been filed;
3. Although not actually filed at the time of the conference call, the already-prepared Corrected Petition only reduced issues presented in the initial Petition;
4. Rather than deciding not to institute trial for any late filing, the Board simply can reset the filing date of the Petition to the date Petitioner actually files the Corrected Petition;
5. Had the Board issued the Show Cause Order earlier, Petitioner would not have been as late as it was, i.e., 64 days beyond the due date, and only 21 days prior to the due date of Patent Owner's Preliminary Response—namely, September 23, 2014;
6. In June 2014, or at the latest by early July 2014, counsel for Petitioner first became aware of having missed the five business days deadline to correct the initial Petition, and then counsel for Petitioner contacted Patent Owner's counsel to

discuss various substantive matters, but not about having missed the deadline for correction; and

7. After the conference call concluded, Petitioner filed a Corrected Petition.

### C. Discussion

Under 37 C.F.R. § 42.5(c)(3), a late filing will be excused upon a showing of good cause or upon a Board decision that consideration on the merits would be in the interest of justice. For reasons discussed below, Petitioner has not shown good cause for the 74-day delay in CBM2014-00142 and the 64-day delay in CBM2014-00147, and we hold that it would not be in the interest of justice to accept the proposed correction in either proceeding for consideration on the merits. Central to our decision is not the fact of missing a due date, but Petitioner's actions after recognizing that a due date has been missed.

In the Corrected Petition filed in CBM2014-00142 on August 29, 2014, Petitioner provides no explanation for filing that paper 74 days beyond the due date set by the Board. Prior to filing the proposed correction, Petitioner did not contact the Board to seek an extension of time. In the Corrected Petition filed in CBM2014-00147 on September 2, 2014, Petitioner provides no explanation for filing that paper 64 days beyond the due date set by the Board. Prior to filing the proposed correction, Petitioner did not contact the Board to seek an extension of time. The Corrected Petition was filed in CBM2014-00147 after the Board raised, in the conference call, the issue of Petitioner's non-filing of a response.

Generally, we recognize that a majority of circumstances involving missed due dates, other than a statutory requirement, do not result in a critical situation. That is because the party missing a due date typically takes prompt remedial action, including contacting the Board to explain any inadvertent circumstance, requesting leave for a late filing, and working together with opposing counsel to propose a mutually satisfactory resolution. In this case, none of that occurred. Instead, after discovering that the due date for filing a Corrected Petition was missed, Petitioner did not contact the Board to explain the inadvertent circumstance, if any, and request leave for a late filing. Nor did Petitioner contact Patent Owner to discuss the situation or to propose any joint resolution of the matter.

Based on information provided by Petitioner, in June 2014, or at the latest by early July 2014, Petitioner recognized it missed the deadline for filing a Corrected Petition. Rather than contacting the Board or opposing counsel to discuss the matter, counsel for Petitioner carried on with other unrelated substantive tasks, and did not file a Corrected Petition in CBM2014-00142 until August 29, 2014, and a Corrected Petition in CBM2014-00147 until September 2, 2014. During all of that time, Patent Owner was left in a state of uncertainty as to precisely what revised petition would be filed, if any, and whether it would or should respond to the arguments which were included in Petitioner's claim charts. Moreover, in the conference call, counsel for Patent Owner pointed out, and counsel for Petitioner acknowledged, that the Corrected Petition in CBM2014-00142,

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filed on August 29, 2014, is non-compliant with the Board's Order because it adds new arguments to the Petition. CBM2014-00142, Paper 9.

With regard to CBM2014-00147, counsel for Petitioner stated, during the conference call, that he thought a Corrected Petition had been filed by September 2, 2014, prior to the conference call. That alleged state of mind, even if accepted as true, is inconsequential in light of other facts. Key to our consideration is the fact that Petitioner did not take immediate action to remedy the situation after having recognized, at the latest by early July 2014, that it had missed the deadline set by the Board to correct the defects in the initial Petition filed. Whatever circumstance ensued—none was expressed by counsel for Petitioner—that caused Petitioner to believe, albeit inaccurately, that a Corrected Petition was filed prior to the time of the conference call, was a risk assumed by Petitioner for not taking immediate remedial action after becoming aware that it missed the June 30, 2014, due date.

Petitioner submits that all the problems its actions have produced in CBM2014-00142 and CBM2014-00147 can be resolved by accepting Petitioner's late filing and using the date of the late filing as a new filing date for its Petition, particularly because Patent Owner would be given a whole new period for filing a Preliminary Response. Also, according to Petitioner, had the Board issued the Show Cause Order earlier, Petitioner would have filed its corrections earlier and the situation would not be as bad as it looks now. Both contentions are misplaced.

Petitioner overlooks how the integrity of the administrative process is undermined by Petitioner's conduct. The proposed remedy fails to address that important factor. The deadline was set by the Board for a reason. Patent Owner's time to file a Preliminary Response starts to run from the date of the Notice of Filing Date Accorded to Petition and Time for Filing Patent Owner Preliminary Response. 37 C.F.R. § 42.207(b). It would be unfair to the Patent Owner to have to prepare a response to a moving target. The Board chose to address that situation by specifying a short response time for Petitioner to correct the Petition in each proceeding. The Board did not choose to allow correction by Petitioner at will, anytime, so long as the filing date of the Petition is reset to the date of correction, and so long as the time period for Patent Owner to file a Preliminary Response is reset to commence from the new filing date of the Corrected Petition.

Although it is possible that in an appropriate circumstance, perhaps when a due date was inadvertently missed and Petitioner contacts the Board immediately to seek a resolution that is mutually satisfactory to both parties and the Board, the Board may adopt that approach, it is not an appropriate remedy in the circumstances here. Even if missing the original deadline was inadvertent, the lack of immediate remedial action after Petitioner became aware of non-compliance with the due date was not inadvertent. We are unwilling to convey a message that a party may use self-help to secure, for itself, time extensions, if it is willing to offer the other party a corresponding extension. Petitioner's proposal is premised on a misplaced perspective that diminishes the Board's supervision and influence on the conduct of the

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proceeding by suggesting that a party may choose whether and when to comply with a Board order, and then choose, if it were challenged for non-compliance, a remedy that it most prefers and perhaps even can tolerate.

Finally, Petitioner's contention that, if the Board issued the Show Cause Order earlier than it did, Petitioner would not be as late as it was, reflects a misplaced perspective. A party may not treat the possibility of a Show Cause Order with regard to a violation or non-compliance of another Board Order as a docket call-up or reminder to comply with that Board Order. By the time a Show Cause Order is issued, the damage already has been done and the primary issue is the imposition of an appropriate remedy or consequence. Petitioner's argument is consistent with its above-noted disregard for the significance of the Board's Orders.

Thus, Petitioner has not shown good cause for the 74-day delay in CBM2014-00142 and the 64-day delay in CBM2014-00147, and we hold that it would not be in the interest of justice to accept the proposed correction in either proceeding for consideration on the merits. That leaves substantively defective and uncorrected Petitions in each of CBM2014-00142 and CBM2014-00147. In the particular circumstances of this case as discussed above, dismissal of petition is appropriate in each of CBM2014-00142 and CBM2014-00147. 37 C.F.R. § 42.12(b)(8).

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D. Order

It is

ORDERED that in CBM2014-00142, the Petition (Paper 1) and Corrected Petition (Paper 6) are *dismissed*; and

FURTHER ORDERED that in CBM2014-00147, the Petition (Paper 1) and Corrected Petition (Paper 6) are *dismissed*.

For Petitioner:

Richard Gilmore  
[rgilmore@mabr.com](mailto:rgilmore@mabr.com)

Patent Owner:

Craig Summers  
Brenton Babcock  
David Jankowski  
[2css@knobbe.com](mailto:2css@knobbe.com)  
[2brb@knobbe.com](mailto:2brb@knobbe.com)  
[2dgj@knobbe.com](mailto:2dgj@knobbe.com)