

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

eBAY, INC.,
Petitioner,

v.

ADVANCED AUCTIONS LLC,
Patent Owner.

Case IPR2014-00806
Patent 8,266,000 B1

Before GRACE KARAFFA OBERMANN, SUSAN L. C. MITCHELL, and
JO-ANNE M. KOKOSKI, *Administrative Patent Judges*.

KOKOSKI, *Administrative Patent Judge*.

DECISION
Denying Institution of *Inter Partes* Review
37 C.F.R. § 42.108

I. INTRODUCTION

eBay, Inc. (“Petitioner”) filed a Petition (“Pet.”) to institute an *inter partes* review of claims 1-7, 10-15, 17-21, and 23-26 of U.S. Patent No. 8,266,000 B1 (“the ’000 patent,” Ex. 1001) on May 23, 2014. Paper 1. Patent Owner Advanced Auctions LLC (“Patent Owner”) filed a Preliminary Response (“Prelim. Resp.”) on August 1, 2014. Paper 8. On August 15, 2014, with Board authorization (Paper 9), Petitioner filed a Reply Brief (“Reply Br.”) responding to arguments in the Preliminary Response that the Petition was untimely under 35 U.S.C. § 315(b) based on rationale articulated in *Apple, Inc. v. Rensselaer Polytechnic Institute and Dynamic Advances, LLC*, Case IPR2014-00319 (PTAB June 12, 2014) (Paper 12) (“*Apple*”). Paper 10. On August 21, 2014, also with Board authorization (Paper 9), Patent Owner filed a Sur-Reply Brief (“Sur-Reply Br.”) in response to Petitioner’s reply. Paper 12. We have jurisdiction under 35 U.S.C. § 314.

For the reasons that follow, we determine that the Petition was not filed within the statutory period set forth in 35 U.S.C. § 315(b) and, therefore, deny institution of *inter partes* review of the ’000 patent.

A. *Related Matters*

Petitioner indicates that the ’000 patent is involved in a co-pending case, *Advanced Auctions LLC v. eBay Inc.*, No. 3:13-cv-01612 (S.D. Cal.). Pet. 4. Petitioner previously filed a petition for covered business method review against the ’000 patent, CBM2014-00047 (institution denied).

B. *District Court Proceedings*

The ’000 patent was the subject of a complaint for patent infringement in *Advanced Auctions LLC v. eBay, Inc.*, No. 13-cv-0360 (S.D. Cal.) (“First

Action”), filed on February 13, 2013. Prelim. Resp. 6; Ex. 2002. Patent Owner served Petitioner with the complaint on February 14, 2013. *Id.* Patent Owner subsequently filed a second complaint alleging infringement of the ’000 patent, *Advanced Auctions LLC v. eBay Inc.*, No. 3:13-cv-01612 (S.D. Cal.) (“Second Action”), on July 11, 2013. Prelim. Resp. at 6; Ex. 2003. On the same day, Patent Owner filed a Notice of Related Case in the Second Action, identifying the First Action. Ex. 2004. In the Notice of Related Case, Patent Owner stated that “a standing question was raised in another, unrelated suit concerning another, unrelated patent by [the inventor of the ’000 patent] by a defendant claiming an assignment had not been executed correctly.” *Id.* at 2. Patent Owner further stated that, even though it did not believe there was a standing question in the First Action, “to avoid any concerns, confusions, or delay,” Patent Owner had “re-undertaken its purchase” of the ’000 patent and filed the Second Action. *Id.*

On August 9, 2013, the parties filed a Joint Motion to Dismiss and Proceed Under Second Action, requesting that only the Second Action proceed, and that “the work from the First Action should carry over to the Second Action.” Ex. 2009. The motion stated that the Court did not need to schedule an Early Neutral Evaluation and Rule 16 scheduling conference in the Second Action, because they already occurred in the First Action. *Id.* at 2.

On August 14, 2014, the Court granted the motion, stating:

[T]he parties’ discovery and Rule 26(f) conference from [the First Action] will be treated as if they occurred in [the Second Action]. The Protective Order (D.I. 25) will be transferred to the Second Action. The parties’ proposed ESI Order and Joint Discovery and Case Management Plan will be transferred to the

Second Action, and any future orders stemming from those filings will be entered in the Second Action.

Ex. 2010, 1. The First Action was dismissed without prejudice. *Id.* at 2.

II. ANALYSIS

Petitioner was served with a complaint alleging infringement of the '000 patent on two occasions. The complaint in the First Action was served on Petitioner on February 14, 2013. The complaint in the Second Action was served on Petitioner on July 11, 2013, less than twelve months prior to the May 23, 2014, filing of the Petition.

Petitioner raises the following issue with respect to 35 U.S.C. § 315(b): whether service of the complaint in the Second Action, and not service of the complaint in the First Action, controls for purposes of § 315(b) because (1) Patent Owner lacked ownership interest in the '000 patent at the time the First Action was filed (Reply Br. 1-4); and (2) the First Action was dismissed, without prejudice, in favor of the Second Action (Pet. 5).

A. *Standing*

Standing is a constitutional requirement pursuant to Article III, and is a threshold jurisdictional issue. *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 560-561 (1992). The Federal Circuit has held that, “in a patent infringement action, ‘the plaintiff must demonstrate it held enforceable title to the patent at the inception of the lawsuit’ to assert standing.” *Abraxis Bioscience, Inv. v. Navinta LLC*, 625 F.3d 1359, 1364 (Fed. Cir. 2010) (citing *Paradise Creations, Inc. v. UV Sales, Inc.*, 315 F.3d 1304, 1309-10 (Fed. Cir. 2003)). If the plaintiff lacks Article III standing on the day it files suit, “the suit must be dismissed, and the jurisdictional defect cannot be

cured.” *Schreiber Foods, Inc. v. Beatrice Cheese, Inc.*, 402 F.3d 1198, 1203 (Fed. Cir. 2005).

Petitioner argues that, at the time the First Action was filed, Patent Owner did not have any rights to the ’000 patent, and, therefore, lacked standing to assert it. Reply Br. 1-2. Petitioner argues that, as a result, it is not barred from requesting *inter partes* review because the First Action is a nullity as a matter of law, and should be treated as though it were never filed. *Id.* at 1.

According to Petitioner, at the time of the January 4, 2013 assignment from Harris Technology, Inc. (“Harris Technology”) to Patent Owner, inventor Scott C. Harris (“Harris”) “had not yet executed a valid assignment of the ’000 patent to Harris Technology,” and, therefore, Harris Technology had no rights in the ’000 patent to assign to Patent Owner. Reply Br. 2. Petitioner also contends that even if there had been a valid assignment of the ’000 patent from Harris to Harris Technology, Harris Technology “did not effect a proper assignment to” Patent Owner. *Id.* at 2-3. In support of its contention, Petitioner argues that there would be “no legal reason” for Patent Owner to obtain the second assignments of the ’000 patent, in July 2013, between Harris and Harris Technology, and Harris Technology and Patent Owner, and voluntarily dismiss the First Action in favor of the Second Action, “if there had been valid prior assignments.” *Id.* at 3.

Petitioner has not identified specific defects in the assignment documents, or otherwise explained why the assignments are defective. *See* Reply Br. 2-4. Instead, Petitioner appears to be relying solely on the existence of the second assignments executed in July 2013 as evidence that Patent Owner lacked standing when the First Action was filed in February

2013. *Id.* at 3. Patent Owner responds, however, that the second assignments were executed due to an ownership challenge in an unrelated case on an unrelated patent. Prelim. Resp. 6; Sur-Reply Br. 3. Each of the second assignments also includes language expressing the belief that the first assignments were valid and the second assignments were unnecessary. Ex. 1027, 3; Ex. 1028, 3.

We are not persuaded that Patent Owner lacked standing to bring the First Action. We have reviewed the patent assignment documents submitted by the parties, and we do not find any obvious defects in the chain of title. Exs. 1026-1028, 2015. The mere existence of the second assignments does not convince us that Patent Owner did not hold enforceable rights in the '000 patent at the time it filed the First Action.

Patent Owner's explanation regarding why the second assignments were obtained, moreover, is unrelated to the validity of the assignment of the '000 patent. *See* Sur-Reply Br. 3 (second assignments were made to address an ownership challenge "in an unrelated lawsuit on an unrelated Harris patent sold to a different purchaser"); Ex. 1027, 3 ("While this second Assignment in their view is unnecessary, executing it could nonetheless save time, expense, and streamline resolution of court disputes."); Ex. 1028, 3 (same). Therefore, on this record, we conclude that the First Action is not a nullity due to Patent Owner's lack of standing.

B. Dismissal of the First Action

Petitioner argues that it is not barred from requesting *inter partes* review because the First Action was dismissed without prejudice, "leaving the parties in the same legal position as if the underlying complaint had

never been served.” Pet. 5. Therefore, according to Petitioner, the First Action is not relevant for purposes of deciding the timeliness of the Petition.

Patent Owner contends that the date of service of the First Action controls because the parties agreed to litigate the Second Action as if it were the First Action, Patent Owner’s allegations of infringement of the ’000 patent by Petitioner were uninterrupted, and the Court ordered that the proceedings in the First Action be treated as if they occurred in the Second Action. Prelim. Resp. 18-19. In support of its argument, Patent Owner relies on the Board’s decision denying institution of *inter partes* review in *Apple* (*id.* at 14-17), which held that a first action, dismissed without prejudice after consolidation with a second action, “did not cease in the same sense as a complaint dismissed without prejudice and without consolidation.” *Apple* at 7.

Based on the information presented, we determine that the service of the complaint in the First Action controls for purposes of § 315(b). From the day the Petitioner was served with the complaint in the First Action to the present, Petitioner has been involved in litigation regarding its alleged infringement of the ’000 patent. At the time the Court dismissed the First Action without prejudice, it also ordered “that the parties’ discovery and Rule 26(f) conference from” the First Action, as well as “[t]he parties’ proposed ESI Order and Joint Discovery and Case Management Plan,” would be treated as if they occurred in the Second Action. Ex. 2010. As a result, following the dismissal without prejudice of the First Action, the parties were not left in the same legal position as if the underlying complaint had never been served, as Petitioner contends. *See* Pet. 5. Here, the parties

remained engaged in a dispute first raised in the complaint in the First Action, which had been pending continuously since that complaint was filed.

For the foregoing reasons, the date of service of the complaint in the First Action, February 14, 2013, controls for determining whether the Petition is barred under 35 U.S.C. § 315(b). Because the Petition has a filing date of May 23, 2014, the Petition was not filed timely within the one-year statutory period of 35 U.S.C. § 315(b).

III. CONCLUSION

For the foregoing reasons, we are not persuaded that the Petition was filed timely within the one-year statutory period set forth in 35 U.S.C. § 315(b) and, therefore, deny institution of an *inter partes* review of the '000 patent.

IV. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that the Petition is denied; and

FURTHER ORDERED that no *inter partes* review will be instituted pursuant to 35 U.S.C. § 314(a) with respect to any claim of the '000 patent on any of the grounds of unpatentability alleged in the Petition.

IPR2014-00806
Patent 8,266,000 B1

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